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BUSINESS BULLETIN

AUTUMN 2021

FEATURE – Temporary Full Expensing

The new temporary full expensing measure assists cashflow by allowing eligible businesses to fully deduct upfront, the cost of most assets in the year that they are first installed ready for use (rather than the deduction being potentially spread out over a number of years).

It effectively replaces the instant asset write-off. Therefore, there is currently now no longer the \$150,000 depreciation cost limit.

Businesses with an aggregated turnover of less than \$5 billion can immediately deduct the business portion of the cost of newly-acquired eligible depreciating assets.

The eligible assets must be first held, and first used or installed ready for use by a business between 7:30pm on 6 October 2020 and 30 June 2022.

The deduction is reduced to the extent that you use the asset for private purposes.

Though most assets are eligible, the following are excluded:

- assets allocated to a low-value pool or a software development pool
- certain primary production assets (water facilities, fencing, horticultural plants or fodder storage assets), unless you are a small business entity who chooses to apply the simplified depreciation rules to these assets

KEY DATES

21 MARCH

Due date for February monthly Activity Statements

21 APRIL

Due date for March monthly Activity Statements

28 APRIL

Due date for Superannuation Guarantee contributions

28 APRIL

Due date for 3rd Quarter Activity Statements (if lodging by paper)

21 MAY

Due date for April monthly Activity Statements

22 MAY

FBT annual return – due for lodgement for some employers

26 MAY

Due date for 3rd Quarter Activity Statements (if using a BAS Agent or Tax Agent)

28 MAY

Due date for Superannuation Guarantee Charge Statement if you failed to meet your 28 April contribution obligations on time)

- buildings and other capital works
- assets that will never be located in Australia, or will not be used principally in Australia for the principal purpose of carrying on a business.

If your business has an aggregated turnover of \$50 million or more, you are excluded from immediately deducting the cost of an eligible asset that is:

- a second-hand asset
- an asset you entered into a commitment to hold, construct or use before 7.30pm AEDT on 6 October 2020.

Instead the normal depreciation rules must be used.

If the large deductions on offer under this measure are likely to create a loss for your business in 2020/2021, we would encourage you to speak to your advisor first.

HR – COVID Vaccines and the workplace

As the COVID-19 vaccination rollout continues throughout Australia – with the aim of offering every adult a vaccination by the end of October. There are many unanswered questions from employers around how the vaccine sits with the workplace health and safety (WH&S) obligations. To fill this knowledge vacuum, in February Safe Work Australia published some initial guidance as follows:

How the vaccine works

For background, COVID-19 vaccines will help protect people by either preventing or reducing symptoms of COVID-19 in the person who has received the vaccine.

At this early stage it is too early to tell if the COVID-19 vaccines will stop a vaccinated person from being infected with the virus. This means that a vaccinated person may unknowingly carry and spread the virus to others around them, including workers and others in their workplace. For this reason, employers must continue to apply all reasonably practicable [control measures](#) even where everybody in your workplace is vaccinated.

Do I have to ensure my workers are vaccinated under WH&S laws?

Under [WHS laws](#), you have a duty to eliminate or if not possible, minimise, so far as is reasonably practicable, the risk of exposure to COVID-19 in the workplace. You may not be able to completely eliminate the risk of workers being exposed to COVID-19 while carrying out work. However, you must do all that is reasonably practicable to minimise this risk and vaccination should be considered as one way to do so in the context of a range of COVID-19 [control measures](#).



To reduce [risks](#) such as COVID-19 in the workplace, you should:

- undertake a risk assessment for your business (more information is available on the [risk assessment page](#))
- consider the available [control measures](#) and how they will help manage the [risks](#) of COVID-19, including any available vaccines, taking into account available evidence.
- consult with workers and [health and safety representatives](#) about COVID-19 and relevant control measures, including the COVID-19 vaccines (more information on your consultation options are available on the [consultation page](#))
- determine what [control measures](#) are reasonably practicable for you to implement in your workplace (more information on the meaning of reasonably practicable is available on the [risk assessment page](#)).

While the Australian Government is not making vaccination mandatory, states and territories may do so for some industries or workers (for example, those who work in aged care) through public health orders. More information is available on the [public health orders page](#).

Can I require customers and visitors to the workplace to prove they have been vaccinated as a condition of entry?

It is unlikely that [WHS](#) laws require you to ask customers and visitors for proof of vaccination. However, you might still want to require this as a condition of entry to your premises. Before you take action to impose this kind of requirement, you should seek advice as there may be privacy and discrimination issues that apply.

Can my workers refuse to come to work because another worker isn't vaccinated?

Under [WHS](#) laws, a worker can only cease or refuse to carry out work, if the worker has



a reasonable concern, that to carry out the work would expose the worker to a serious risk to the worker's health or safety from an immediate or imminent exposure to a hazard. In most circumstances, a worker will not be able to rely on the [WHS](#) laws to cease work simply because another worker at the workplace isn't vaccinated, however this will depend on the circumstances.

There is currently insufficient evidence about the impact of COVID-19 vaccines on

the transmission of COVID-19. Therefore, there is no reason why workers who are currently attending workplaces with other people should stop doing so because of the vaccine rollout. For vulnerable workers, you should continue to implement other working arrangements where you reasonably can, such as working from home.

BUSINESS - Post-COVID Landscape

As the economy emerges from the serious downturn inflicted by COVID-19, where is your business really at? And what conversations and material should you be having and obtaining from your accountant or bookkeeper to assess your business's true state of affairs? Consider the following three questions:

1. Do you know financially where you are at right now?

Obtain a Balance Sheet at a current point in time: It tells you what you own and what you owe.

Run a Profit and Loss Statement (P&L) for a period of time up until the date of the Balance Sheet. We would suggest it covers the period of maximum COVID impact. For many, this will be from about 1 March 2020. The P&L tells you whether or not you were making a profit during that timeframe. This is the most basic of financial reporting, yet surprisingly many business owners do not regularly access and interpret this data.

2. Do you know where your business would have been, but for the COVID support measures from Governments, landlords, banks etc?

Assess the performance of your business, had it not been the beneficiary of government support and other relief measures. Here is how (note that you may know how to do this yourself, or you may need to get help from your accountant/bookkeeper or have them do it):

Firstly, run a P&L from the onset of COVID impact. For many business this will be from

1 March to at least the end of October (be prepared to select an altered period as each business will likely have been impacted for differing periods of time and be in receipt of different relief measures).

Secondly, produce a new tailored report building on the P&L in step 1 to “normalise” the result for COVID Impact. You can do this by a simple export into Excel and make your adjustments from there, or you may be able to use accounting (or add-on) software that will allow you to build your own tailored report. A good format would be to show the actual P&L side by side with the normalised P&L, as this will highlight the difference between what the result was and what it could have been but for support measures.

Methodically work through the P&L and remove income items that comprise financial support (e.g. Cashflow Boost, JobKeeper, payroll/land tax relief etc.). Review items of expenditure for those that are artificially low and will return to a “normal” level. For example, subsidised rent, labour temporarily stood down or temporary wage reductions.

Thirdly, analyse the report in 2 as it should give you an indication as to how you will have performed but for relief measures and abnormal expenditure levels. If the adjusted P&L shows a loss or maybe a marginal profit, then this should be a prompt for your business to take action.

It means that unless the business improves its performance, it will be operating at poor or deteriorating levels and there could be a financial iceberg approaching. For these businesses, the logical question to ponder is: “Where do I need to be in order to survive and prosper”?

3. Where do you need to be in order to survive and prosper?

Budgeting and planning is the answer here. Projections of the future will allow you to report two very important outcomes that can serve as critical Key Performance Indicators (KPIs) for your business as

it emerges from the period of COVID disruption:

A BREAK-EVEN ANALYSIS:

You need to understand what activity level needs to be met in order to cover costs. The break-even analysis should be expanded to cover any Balance Sheet commitments that may not be an expense, but which must be funded such as debt reduction.

It is important to break down the targeted activity to a granular level that you can comprehend and focus on (e.g. sales per day, units sold per day or jobs completed per day etc.).

FAIR RETURN BUDGET:

You need as a business owner, to understand what activity level needs to be met that incorporates a fair return to yourself as the owner commensurate with your financial investment in the business as well as the business risk you are taking. Again set activity levels at a granular level to assist you to drive achievement of the KPI levels set.

