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Marketing in Preparation for a Post-Pandemic World

As some States & Territories begin to emerge from isolation, others are experiencing even tougher restrictions in COVID-19 lockdown. Either way, one thing is very clear, it's no longer 'business as usual.' The world as we know it has changed and we have been forced to rethink our daily routines, spending habits, exercise routines and social interactions.

For most business owners, this has been an incredibly challenging period and there's more uncertainty ahead given Australia is in recession for the first time in 29 years. Business owners have been sent into hibernation on the back of government regulations, customer demand has caved in, supply chains have been interrupted and double-digit unemployment is forecast.

It's uncharted waters for many business owners but you can take solace from the fact that most of your competitors are in the same boat. That being the case, there will be opportunities for agile business owners who can outsmart their competitors. The burning question is, in an economic downturn do you cut your marketing or ramp things up?

Historically, when the economy turns south, business owners tend to put every expense category under the microscope. The strategy is to cut costs and because 'advertising and promotion' alphabetically sits at the top of the listing on profit and loss statements, it gets a lot of attention. Networking events, seminars, lunches, advertising, and sponsorships are often removed from the marketing calendar, but should you be trimming your marketing at the moment?

Harvard Business Review (HBR) conducted a year-long study in 2010 on the performance of 4,700 public companies before, during, and after three global recessions. They found that the companies fell into three main categories:

1. **Prevention Focused** - these organisations primarily made defensive moves and were focused on cutting costs, avoiding losses, and minimising risks. Unfortunately, these companies didn't invest in innovation and their management and staff burnt out as they tried to do more of the same with less resources.
2. **Promotion Focused** - these businesses invested heavily in offensive moves that provided more opportunity for upside than most of their competitors. There were, however, some serious downsides for these companies as many ignored the early warning signs like client budget cuts and they continued to enhance their products and services. In a promotion dominated environment, management often paid little attention to reality and ignored the warnings of team members.
3. **Pragmatic Businesses** - these groups balanced defensive and offensive moves. It's a delicate balance but they did a lot of testing and implementing. Most focused on improving operational efficiency while developing new markets and investing in new assets. These companies reported that improving operational efficiency rather than reducing the number of employees created a more productive and creative work environment.

- **Prevention Focused**
- **Promotion Focused**
- **Pragmatic Business**



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The greatest compliment we receive from our clients is the referral of their friends, family and business colleagues. Thank you for your support and trust.

Marketing in Preparation for a Post-Pandemic World *(Continued)*

What approach will you take over the coming months – prevention, promotion or pragmatic?

Clearly, every industry is different, and each business is unique so your strategy could be any one of the three approaches. We read about industries like travel, hospitality and events that are questioning their viability post-pandemic. By contrast, other industries have enjoyed a spike in sales including home office equipment suppliers, supermarkets, internet-enabled communication, and collaboration tools plus home delivery services.



The last few months have been all about survival and preserving cash reserves so eliminating non-essential expenditure and trimming the 'fat' makes good business sense. It's time to focus on the revival phase and if you are looking to rebound when you re-open you can't afford to slash your marketing activities. History tells us, the longer you scale back your marketing, the longer it will take to recover. You need to be building a pipeline of orders from existing customers and attracting new customers now so when you re-open the 'wheels' are turning.

Online Spending

We have known for some time that the business model that relies almost exclusively on distribution of products through retail bricks-and-mortar sites was under threat. With buildings and shopping centres closed through the lockdown, consumers quickly adapted and shifted their spending online. With consumers confined to home base, e-commerce sales exploded and this massive shift to online sales will be one of the many COVID-19 legacies. The driving force behind the growth of online sales was necessity not consumer preference, however, the consumer 'tribe' have spoken. Buying online is the new 'normal' and businesses who aren't geared up for this shift in consumer behaviour will pay the price.



Of course, when the economy opens up things will look very different. People working remotely from home, virtual online meetings and because of a fear of contact, the cashless economy could be on the radar. By the end of the year you will discover that some of your competitors haven't made it to the other side of this crisis and it might not be the ones you expected. Some big businesses that are 'prevention focused' may become casualties which will open up some big opportunities to increase your share of the market. To capitalise, you need to be marketing right now and the focus needs to be on your digital presence.

Your Digital Presence

While most businesses have some sort of digital presence, their online sales are still only a small percentage of their total sales. The good news is, the internet is a level playing field so small business can compete with big business. In the last decade, the internet and social media have rewritten almost everything we knew about sales and marketing so it could be the perfect time to ramp up your social media activities. What channels work best in your industry? What are your competitors doing in that space?

In today's internet-fuelled world, your website is your marketing engine and often the first touch point with a potential new customer. During self-isolation people were glued to their phones, computers, and iPads so there's never been a more important time to have a website that sells. Your visitors will pass judgment on your business in seconds and if your website is out of date, it's time for a makeover or replacement. Take a step back and do an honest evaluation of your current website - is it easy to navigate? Does it differentiate you from your competitors? Is it memorable? Does it resonate with your ideal type of customer? Does it look fresh, modern, and appealing?



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Marketing in Preparation for a Post-Pandemic World *(Continued)*

Look at your competitor's sites and compare notes. What features give them the edge? Are you missing calls to action, videos, a live chat feature or a lead magnet? Make sure your brand and the images on your website appeal to your target demographic. You will probably find the vast majority of your competitor's websites are simply electronic brochures that list the who, what and where of the business. While this certainly creates an opportunity, don't get complacent because they are probably putting their underperforming website under the magnifying glass as well. Online sales are the future and make sure your online presence delivers an innovative customer experience.



All too often we see businesses spend truckloads of cash building a beautiful looking website that contains content that misses the mark. Make sure your content is original because Google has a way of punishing duplicate content. It should be relevant, interesting, and timely for your target audience. Spell out the benefits you offer prospective customers not just the features of your product or services. Focus on educating your audience and providing value. Let your content do the talking and demonstrate your expertise so visitors want to subscribe to your mailing list.

If you aren't showing up on page 1 of a Google search, your website pages, blog, articles, and videos are almost invisible. Ninety percent of people don't go past the results on page one when doing a Google search. The top 3 positions on Google account for over 60 percent of all clicks on page 1 (Position 1 = 33%, Position 2 = 18%, Position 3 = 12%) so spend some time every week to monitor your keyword rankings and try different tactics to move up the rankings. It can be a slow process but as long as you are moving up the page rankings, you are making progress. Focus on key words and phrases in your industry and tailor your content to the needs of your ideal customer and niche markets.

Video Content

You may have dipped your toe in the water with videos in the past but now is the time to dive in. You can use them in so many ways including an introductory corporate video, client testimonials, provide expert opinion on your niche service or simply demonstrate how your products work. Your visitors can get to know your firm and you can use them on your website, in blogs and on social media channels like LinkedIn, Twitter and Facebook. You don't need expensive equipment and they don't have to be the production quality of a Hollywood blockbuster movie. It depends on your market, but even smart phones can produce good quality videos.



Video is an extremely powerful form of content and can make a significant contribution to your overall SEO. YouTube is now the second largest search engine behind Google and online video accounts for half of all traffic on mobile devices. Not only that, Google's algorithms are increasingly prioritising websites with video content. In fact, research suggests a well optimised video can increase your chances of getting featured on the front page of Google by as much as a factor of 53. Videos are easy to consume and they engage the audience's attention for longer periods of time and Google recognises the time visitors spend on your individual webpages.

Email Marketing

Email marketing is the heartbeat of most marketing campaigns and you should build on your relationship with your existing customers and subscribers by providing relevant, valuable information that will draw them back to your website. If you haven't already let your customers know that you have re-opened, get on the case immediately!

Your email campaigns obviously work best if your customer database is up to date, so you need to regularly cleanse your email database and remove duplicate addresses. Update any customer addresses that bounced and treat your customer database with great care because it is a very valuable asset. Also, consider segmenting your database into categories based on your customer's interests or sales history. Think about building email groups so you can target specific industries, customers in a certain region or special interest groups. Avoid sending the same message to all your database unless the content



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Marketing in Preparation for a Post-Pandemic World *(Continued)*

is relevant. At this moment, trust is in short supply so wherever possible, personalise the message and customise the content.

Newsletters and one-off email campaigns will always be part of your marketing strategy but think about the technology you could use to automate more of your email marketing. You can set up automatic emails that trigger based on certain events such as a welcome email when someone first buys from you or subscribes to your newsletter. Birthday messages are another possibility plus appointment reminders. You could set up a series of emails and the beauty is, you don't have to lift a finger because it's all automated. Wherever possible, systemise your business processes to save time.

The pandemic has accelerated the move into a virtual or digital world and business owners need to adjust their marketing focus. You need to look at promoting and delivering your goods and services through a new 'normal' lens because the futurists are predicting delivery by drones, a decline in the physical use of cash and the explosion of remote education. We all need to plan for a new world.

In closing, former world heavyweight boxing champion Mike Tyson once said, "Everybody has a plan until they get punched in the face." Well, COVID-19 may prove to be a knockout punch for some of your competitors so there is going to be opportunities if you're prepared. It's doubtful we can make our businesses 'pandemic proof', but there are lessons we can learn from COVID-19 that will help us prepare for the next life changing event. One clear lesson is, digital marketing is the future and it could be the difference between doom, gloom and boom in 2020/21 and beyond.



When It's the End of the Business Road

The Government Stimulus Packages including the cash boost and JobKeeper payments have given hundreds of thousands of business owners across Australia a temporary lifeline. Sadly, there's no guarantee businesses won't be forced into lockdown at some point in the future (for example, Melbourne went to Stage 4 restrictions from the 2nd August after easing restrictions from the first lockdown). Some businesses simply will not survive this upheaval.

Unfortunately, plenty of businesses in their infancy will be casualties because they didn't have sufficient working capital or were ineligible for the support packages. Others might find they are on borrowed time because they can't negotiate a fair arrangement with their landlord and when the rental eviction moratorium finishes, so will their business. The end of the 'holiday' on mortgages and business loans could spell trouble for others while plenty of business owners who were approaching retirement might bring forward their decision.



The pandemic hit at the speed of light, but we have been warned that the economic recovery might take several years. Businesses will eventually re-open after restrictions are lifted but they might find trading conditions across the country very different with a significant decline in consumer confidence and double-digit unemployment. Some may struggle to adapt their business to the massive shift to online sales.

Of course, as accountants our mission is to help you survive, rebuild, and thrive on the other side of this pandemic. We urge you to consult with us to make sure you have exhausted all available financial avenues to get to the other side of this crisis. These might include federal and state government grants, subsidies, loans, and even early access to your superannuation. However, if you're at the end of the road there's a number of administrative issues you need to address, and we are here to help you. These compliance issues might include:

- a) **Cancel Business Registrations** - you may need to cancel various tax registrations within 21 days of closing including:



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When It's the End of the Business Road *(Continued)*

- GST and PAYG withholding
- Business Name (through the Australian Securities and Investments Commission)
- Australian Business Number (ABN) via the Australian Business Register
- Website Domain Name and Hosting Fees so you stop incurring ongoing costs that might be on direct debit from your bank account or a credit card
- Complete your final BAS and Income Tax Return
- If you are selling the business, consider Capital Gains Tax implications
- Software licences and subscriptions (with the exception of accounting software)
- Cancel insurances (but you may need to retain some insurances like Professional Indemnity)
- Cancel periodical payments so they stop coming out of your account or credit card
- Others may include Luxury Car Tax, Wine Equalisation Tax and Fuel Tax Credits.

Every business must keep their financial records for a minimum of five years and that includes your accounting records plus your employee and wage records. Note, there may also be privacy guidelines around the retention of your customer records.

b) Staffing Issues

- Finalise employee tax payments - calculate final pay with outstanding leave entitlements, PAYG withholding, superannuation.
- Notice of Termination - you will need to notify your employees in writing that you are terminating their employment. You may be able to provide payment in lieu of notice but make sure you comply with any notification period under their award or enterprise agreement.
- Employee Entitlements - you will need to pay your employees any outstanding wages or accrued leave including annual leave, long-service leave and any redundancy amount. Make sure you review their award, employment contract and any State-based regulations for a business of your size before taking any further action.



c) Terminate Your Commercial Lease

If you rent a commercial property your lease obligations will remain unchanged even though you may have closed the doors and vacated the building. Get your solicitor and/or real estate agent to review the terms of your lease agreement to ascertain if you can get a release (with a fee) or have the right to sub-lease the building to another party. You may also be able to negotiate with your landlord to surrender the lease which means both parties mutually agree to end the lease. This will usually involve paying a fee and covering the landlord's legal costs. Don't forget to clean the property to make sure your bond money is returned.

d) Sell Business Assets

If you can sell the business complete with the stock that would be a good outcome. Failing that, what do you plan to do with the stock, tools, furniture, fittings, equipment, property, vehicles, domain name(s), patents, trademarks, licenses, or permits?

e) Notify Suppliers

Let your suppliers know the business is closing and from what date. End any supplier agreements and pay any outstanding bills.

f) Notify Your Customers

Notify your customers that the business is closing and the date. You might consider a 'closing down sale' to clear as much stock as possible.

g) The Loose Ends

There are always some small items to finalise. Make sure you disconnect utilities (power, phone, internet), redirect the mail, close bank accounts, terminate your website and social media channels.



JobKeeper Payment Scheme - Extension and Changes

The Government has announced further changes to the JobKeeper scheme. The positive news is that employees that missed out on JobKeeper because they were not employed on 1 March 2020 might now be eligible. The proposed changes mean that employees who were employed on 1 July 2020 may be able to receive JobKeeper payments from 3 August 2020 if they meet the other eligibility criteria. If you have employees impacted by this change, you will need to work through the eligibility requirements including providing JobKeeper Payment Employee Nomination.

Background

The original JobKeeper Payment Scheme was announced on 30 March 2020 and it was initially planned to run from 30 March 2020 to 27 September 2020. On the 21st July 2020 the government announced it will extend the JobKeeper scheme until March 28 2021. Further refinements to the scheme were announced by the Treasurer on August 7 2020 mainly as a result of the Victorian Stage 3 and Melbourne Stage 4 Restrictions.

The original scheme let eligible employers claim a fortnightly payment of \$1,500 per eligible employee from 30 March 2020 for a maximum period of 6 months. The extension of the scheme will see a more targeted and tapered approach with a two-tier wage subsidy and two additional JobKeeper periods of three months each.

What's New?

From **Monday 3 August 2020**:

- the employee eligibility test date will move from 1 March 2020 to 1 July 2020. The new reference date will apply for the last four fortnights of the legislated scheme as well as the duration of the proposed extended period. Staff who were hired after 1 March 2020 may now be eligible for JobKeeper.

From **Monday 28 September 2020**:

- a two-tier payment rate will apply based on the worker's average weekly work hours
- the current \$1,500 per fortnight payment rate will be reduced on 28 September 2020 and reduced further on 4 January 2021
- the decline in turnover will be re-tested on a quarterly basis, and
- the decline in turnover test will be based on actual GST turnover.

From **28 September 2020 to 3 January 2021**, the JobKeeper Payment rates will be:

- \$1,200 per fortnight for all eligible employees and for eligible business participants who were working for 20 hours or more a week on average in the four weeks of pay periods before either 1 March 2020 or 1 July 2020 and
- \$750 per fortnight for other eligible employees and business participants.
- From 4 January 2021 to 28 March 2021, the JobKeeper Payment rates will be:
- \$1,000 per fortnight for all eligible employees and for business participants who were working for 20 hours or more a week on average in the four weeks of pay periods before either 1 March 2020 or 1 July 2020: and



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JobKeeper Payment Scheme - Extension and Changes *(Continued)*

- \$650 per fortnight for other eligible employees and business participants.

Is Your Business Eligible for Your Employees in the Extension Period(s)?

An employer is entitled to the JobKeeper payment in respect of an individual (an employee) in relation to an extension period if it meets the revised eligibility rules.

Decline in Turnover Test

From 28 September 2020 businesses seeking to claim the JobKeeper payment will be required to demonstrate that they have suffered a decline in turnover using actual GST turnover (rather than projected GST turnover).

From 28 September 2020 businesses will be required to reassess their eligibility with reference to their actual GST turnover in the September 2020 quarter to be eligible for the JobKeeper Payment from 28 September 2020 to 3 January 2021 (the first extension period).

From 4 January 2021, businesses will need to further reassess their turnover to be eligible for the JobKeeper Payment. They will need to demonstrate that they have met the relevant decline in turnover test with reference to their actual GST turnover in the December 2020 quarter to be eligible for the JobKeeper Payment from 4 January 2021 to 28 March 2021 (the second extension period).

For the first extension period, businesses will need to demonstrate that their actual GST turnover has fallen in the September 2020 quarter (July, August, September) relative to a comparable period (generally the corresponding quarter in 2019).

For the second extension period businesses will need to demonstrate that their actual GST turnover has fallen in the December quarter 2020 (October, November, December) relative to a comparable period (generally the corresponding quarters in 2019).

The Commissioner of Taxation will have discretion to set out alternative tests that would establish eligibility in specific circumstances where it is not appropriate to compare actual turnover in a quarter in 2020 with actual turnover in a quarter in 2019, in line with the Commissioner's existing discretion.

How Much Does My Actual Decline in Turnover Need to Be?

Aggregated turnover was > \$1 Billion	50%
Aggregated turnover was <\$1 Billion	30%

Eligible Employees

Employees are eligible in the extension period if they:

- are currently employed by an eligible employer (including if you were stood down or re-hired).
- were, for the eligible employer (or another entity in their wholly owned group) either:
 - ◊ a full-time, part-time or fixed-term employee as at July 1 2020; or
 - ◊ a long-term casual employee (employed on a regular and systematic basis for at least 12 months) as at July 1, 2020 and not a permanent employee of any other employer.
- were aged 18 years or older as at 1 July 2020 (if you were 16 or 17 you can also qualify if you are independent or not undertaking full time study).
- an Australian resident.



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JobKeeper Payment Scheme - Extension and Changes *(Continued)*

Some employees are not eligible if they receive certain forms of Government assistance.

Wage Condition

You satisfy the wage condition in respect of an employee for a JobKeeper fortnight in the extension period where their gross pay will exceed the relevant JobKeeper rate. The JobKeeper Payment rates are:



JobKeeper Payment Rate

JobKeeper Payment Rate	March 30 to Sept 27	Sept 28 to Jan 3	Jan 4 to March 28
<i>More than 20 Hours per week</i>	<i>\$1,500 per fortnight</i>	<i>\$ 1,200</i>	<i>\$ 1,000</i>
<i>Less than 20 Hours per week</i>	<i>\$1,500 per fortnight</i>	<i>\$ 750</i>	<i>\$ 650</i>

The Commissioner of Taxation will have discretion to set out alternative tests where an employee or business participant's hours were not usual during the February and/or June 2020 reference period (the period with the higher number of hours worked is to be used for employees with 1 March 2020 eligibility).

Guidance will be provided by the ATO where the employee was paid in non-weekly or non-fortnightly pay periods and in other circumstances the general rules do not cover.

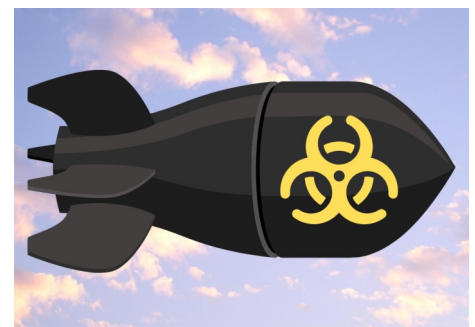
The JobKeeper Payment will continue to be made by the ATO to employers in arrears. Employers will continue to be required to make payments to employees equal to, or greater than, the amount of the relevant JobKeeper Payment (before tax), based on the payment rate that applies to each employee.

You are required to give information about the entitlement for the fortnight, including details of the individual and the relevant rate, to the Commissioner, in the approved form.

Business Lessons from a Pandemic

COVID-19 arrived with little or no warning and very few people or businesses have emerged unscathed. While the pandemic is firstly a health crisis that has already claimed more than 500,000 lives, it has also sparked a global financial crisis.

Maybe we did get a warning about the pandemic. The Wall Street Journal suggests that the co-founder of Microsoft, Bill Gates, met with Donald Trump and other candidates in 2016 and told them to make planning for a pandemic a top priority. He described the potential outbreaks as a bigger threat than nuclear war. History now tells us that Bill Gates could be the modern version of Nostradamus and who knows, COVID-19 might not be the only pandemic we have to deal with in our lifetimes. One thing is for sure, this will not be the last economic downturn we have to deal with.



As business owners we need to learn from experience because history has a habit of repeating itself. Some may argue that it was impossible to plan for this event but going forward we need to have a contingency plan in the event there is another outbreak or some other catastrophe. As they say, failing to plan is planning to fail.

We were all unprepared for COVID-19 but when you reopen your business, don't assume that it will be business as usual. Should the coronavirus return what will you do differently? Think about how you responded to this crisis. While the public was panic buying toilet paper, canned soup, flour and pasta, small business owners were worried about

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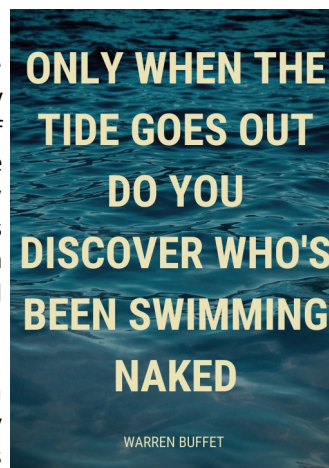
Business Lessons from a Pandemic (Continued)

paying next month's rent and not having enough cash reserves to pay staff until the JobKeeper payments started to flow. The truth is, without the government subsidies it would have been carnage.

What did you learn from the pandemic? What worked - did you manage to pivot to keep the cash register ticking over? What did your competitors do to survive or even thrive and did you find alternative revenue streams? What could you do better next time and did you learn anything from the strategies used in other industries that you could adopt? For the owners of businesses who were put into hibernation for 10 to 12 weeks there was lots of time to think and plan the rest of 2020. The smart operators used the time wisely by unwinding, recharging the batteries and then planning the re-open. When you do reopen, make sure to take the time to document all of your experiences through this extraordinary period and have a plan in the event of another lockdown or shutdown as has happened recently in Victoria.

Clearly there's no room for complacency in business and when the economy is firing on all cylinders it's easy to develop bad habits. Bookkeeping becomes less of a priority and we tend to spend money on unnecessary items or luxury goods. Warren Buffet said, "Only when the tide goes out do you discover who's been swimming naked." Well, a lot of business owners were caught with their 'pants down' when COVID-19 arrived. They were behind in their record keeping and some were years behind in lodging Business Activity Statements and tax returns. As a result, when some of the government stimulus payments were linked to these lodgements they were scrambling to catch up. When you run a business, big or small, it comes with compliance obligations. There are no short cuts and record keeping is a fact of business life.

A really important take away for business owners during this phase has been to have a process or road map to follow. This lets you navigate around the panic and helps you to stay calm because you know you are working towards a destination or outcome. Leaders formulate plans and provide the team with structure including systems and processes that they can follow. It is so important that entrepreneurs spend time working ON the business not IN the business.



Cash flow is the lifeblood of a business and the government threw businesses several lifelines in the form of cash boosts, JobKeeper payments and other grants during the crisis. There's no doubt, the government subsidies have kept businesses afloat during what could be described as a perfect storm. What it did prove was, a large percentage of businesses had insufficient cash reserves to pay staff and rent for more than a month or two.

When the government handouts dry up, a lot of business owners will struggle because they won't have the reserves to get them through a slow trading period. The economy will take some time to get back to 'normal' levels because there's no simple on-off switch. The economy has the turning circle of the Titanic and we certainly hit an iceberg! Trading will be significantly different when you re-open and you won't pick up where you left off in March as consumer confidence has been dented, we are in a recession and unemployment is on the rise. Some of your major customers might be struggling. Your suppliers might also be in trouble so check your supply chain is still functioning.

With sales slow in the 'comeback' period and customers on 30 or 60 day accounts you might not see any cash flow for some time. Get on the front foot now and talk to your bank because financiers won't look at you favourably if you are in need of quick cash. Be prepared and have a cash flow forecast that identifies how much you'll need and when you'll need it.

It all sounds simple, build cash reserves of a few months of operating costs and build strong relationships with your bank so you can secure finance if required. You need to monitor and manage your debtors and make sure your customers abide by your payment terms, so your debtors don't blow out. Keep your records up to date and formulate a game plan. Should history repeat itself you'll be much better prepared.



Car Expense & Home Office Claims

The ATO has announced a rise in the cents per kilometre deduction rate for motor vehicle expenses for the 2020/21 financial year. The last rate change was to 68 cents in 2018 but effective from July 1, 2020 it will be 72 cents per kilometre.



Under the cents per kilometre method, taxpayers can claim up to a maximum of 5,000 business kilometres per car, per year, without documentary evidence. Having said that, work-related car expenses have been on the ATO's radar in recent years, with 3.6 million taxpayers claiming more than \$7.2 billion in 2017/18.

According to the ATO, one in five claims are exactly at the 5,000-kilometre limit, with their analytics picking up irregular claims by comparing taxpayer claims with others earning similar amounts in similar occupations. Because of COVID-19 and travel restrictions in the last quarter of the 2019/20 financial year, they expect to see a drop in the level of work-related car expenses claims. The same should apply to protective clothing and items like laundry of uniforms.

CLAIMING CAR EXPENSES



Karen Foat, ATO Assistant Commissioner, has urged taxpayers to reduce claims for work-related expenses in the last quarter of the 2019/20 year that would have been impacted by government-mandated restrictions imposed as a result of COVID-19. She said, "With more people working from home, working reduced hours or unfortunately not working at all, we expect to see claims for laundry expenses or travel expenses decline this year." Ms Foat said, "If you aren't travelling for work, you can't claim travel expenses. If you aren't wearing your work uniform, you can't claim laundry expenses. It's still important to meet the three golden rules: you must have spent the money and not have been reimbursed, it must relate directly to earning your income, and you must have a record to prove it."



Counterbalancing the drop in travel and laundry claims, home office expense claims should rise with so many taxpayers forced to work from home. In response to COVID-19, the ATO has also introduced a shortcut method for taxpayers to calculate home office expenses. For the period between March 1, 2020 and June 30, 2020 you can claim home office expenses at a rate of 80 cents per hour. Importantly, you don't have to have a separate or dedicated area of your home set aside to work from. Karen Foat, ATO Assistant Commissioner said, "If you use the shortcut method, all you need to do is keep a record of the hours you worked from home as evidence of your claim. But it is all inclusive, meaning you can't claim for any other working from home expenses."

The new 'shortcut' method is in addition to the existing fixed-rate method and actual cost method, with taxpayers able to choose the appropriate method for their circumstances. Home office claims before March 1, 2020 must be under the two standard approaches.

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