

UPDATE FROM APM on COVID-19

1. State Government (\$10,000 once off payment)

As per our email on the 31 March if you think that your business qualifies for the grant please go the link below and register your business. If you need assistance, please reach out.

[Business Support Fund](#)

2. Federal Government (\$1500 per fortnight per employee)

Once again as per our email on the 31 March if you think that your business qualifies for the grant please go the link below and register your business. If you need assistance, please reach out.

ATO Intent to register for Jobkeeper: [JobKeeper payment](#)

3. Commercial Tenancy Code - Federal Government

The purpose of the code of conduct is to impose a set of good faith leasing principles for the application to commercial tenancies (including retail, office and industrial) between owners/operators/other landlords and tenants,

where the tenant is an eligible business for the purpose of the Commonwealth Governments Jobkeeper programme

Eligibility

The Prime Minister on Tuesday 7 April has clarified that the mandatory Code will apply to leases where the tenant satisfies the following two items

1. is a small-to-medium sized business, with a turnover of up to \$50 million; and
2. is in a position of financial stress or hardship as a result of the COVID-19 pandemic, defined by reference to the tenant's eligibility for the Commonwealth Governments JobKeeper. (Please see our email link on our email dated 31 March 2020)

There is still some uncertainty as to how the JobKeeper eligibility test will be applied and the 30% downturn in business is calculated. However, for the purpose of this code you can estimate the downturn to start discussions with your tenant/Landlord.

The Leasing Principles that have been formed are as follows:

a) Moratorium on termination: Landlords must not terminate leases due to non-payment of rent during the COVID-19 pandemic period (or a reasonable subsequent recovery period).

b) Tenants commitment to lease: Tenants must remain committed to the terms of their lease, subject to amendments negotiated under this Code. A material failure to abide by

substantial terms of the lease will forfeit protections provided to tenants under this Code.

c) Proportionate reductions: Landlords must offer tenants proportionate reductions in rent payable in the form of waivers and deferrals of up to 100% of the amount ordinarily payable, on a case-by-case basis, based on the reduction in the tenants trade during the COVID-19 pandemic period and a subsequent reasonable recovery period.

d) Rental waivers: Rent waivers must constitute no less than 50% of the total reduction in rent payable under Principle 3 over the COVID-19 pandemic period and should constitute a greater proportion of the total reduction in rent payable in cases where failure to do so would compromise the tenants capacity to fulfil their ongoing obligations under the lease. In determining these waivers, regard must also be had to the Landlords financial ability to provide such additional waivers. Tenants may waive the requirement for a 50% minimum waiver by agreement.

e) Rental deferrals: Payment of rental deferrals by the tenant must be amortised over the balance of the lease term and for a period of no less than 24 months, whichever is the greater, unless otherwise agreed by the parties.

f) Statutory charges/insurance: Any reduction in statutory charges or insurance will be passed on to the tenant in a proportion that is applicable to the terms of the lease.

g) Landlord must share benefits: A landlord should seek to share any benefit it receives due to deferral of loan payments, provided by a financial institution as part of the Australian Bankers Associations COVID-19 response, or any other case-by-case deferral of loan repayments offered to other Landlords, with the tenant in a proportionate manner.

h) Outgoings waiver: Landlords should where appropriately seek to waive recovery of any other expense (or outgoing payable) by a tenant while the tenant is unable to trade. Landlords reserve the right to reduce services accordingly.

i) Extended period to perform arrangements: If negotiated arrangements under this Code necessitate repayment, this should occur over an extended period in order to avoid placing an undue financial burden on the tenant. No repayment should commence until the earlier of the COVID-19 pandemic ending (as defined by the Australian Government) or the existing lease expiring and taking into account a reasonable subsequent recovery period.

j) No charges for implementation of principles: No fees, interest or other charges should be applied with respect to rent waived in Principles 3 and 4. No fees, charges nor punitive interest may be charged on deferrals in Principles 3, 4 and 5 above.

k) Landlord cannot draw on securities: Landlords must not draw on a tenants security for the non-payment of rent (be this a cash bond, bank guarantee or personal guarantee) during the period of the COVID-19 pandemic and/or a reasonable subsequent recovery period.

l) Opportunity to extend lease for waiver/deferral period: The tenant should be provided with an opportunity to extend its lease for an equivalent period of the rent waiver and/or deferral period outlined in Principle 2 above. This should provide the tenant additional time to trade, on existing lease terms, during the recovery period following the conclusion of the COVID-19 pandemic.

m) Freeze on rent increases: Landlords agree to a freeze on rent increases (except for retail leases based on turnover rent) for the duration of the COVID-19 pandemic and a reasonable subsequent recovery period, notwithstanding any arrangements between the landlord and the tenant.

n) Tenants reduced opening hours: Landlords may not apply any prohibition on levy and penalties if tenants reduce opening hours or cease to trade due to the COVID-19 pandemic.

How the Code will work in practice

Where landlords and tenants cannot reach an agreement on their own, negotiations under the Code will be overseen by a binding mediation process run by each State and Territory. They must also be run in accordance with the overarching principles of the Code.

Banks, including foreign banks and other financial institutions operating in Australia, will be encouraged to come to the table and provide support to Landlords.

How the Code will be regulated

The Code will be given effect through state and territory legislation or regulation. However, as the Prime minister has said on various occasions it would be beneficial if both tenant and landlord try to come up with a compromise plan to move forward on their own.

The below link is to the National Cabinet Mandatory Code of conduct.

[Commercial Leasing Principles](#)

3. Working from home

There are many people because of the COVID-19 virus have now started to work from home. We have provided details of records that you will need to keep if you are now working from home as follows:

Records you must keep:

- Diary entries of the hours you work from home for a representative four-week period to show your usual pattern of working from at home during the COVID-19 disruption.
- Receipts or other written evidence, including for depreciating assets you have purchased.
- Itemised calls you have made from either the land line or your mobile.
- Note usage (hrs) of internet use

The following link is to the ATO website and provides further information about working from home.

[Work From Home](#)

4. Temporary early release of Superannuation

The government is allowing individuals affected by the coronavirus to access up to \$10,000 of their superannuation in 2019-2020 and a further \$10,000 in 2020-2021. Individuals will need to pay no tax on the amounts released and the money they withdraw will not affect Centrelink or Veterans affairs payments. From the mid-April 2020 eligible individuals will be able to apply online through MyGov.

Eligibility

- You are unemployed
- You are eligible to receive the job seeker payment, youth allowance, parenting payment
- On or after 1 January 2020 either;
 - You were made redundant
 - Your working hours were reduced by 20% or more
 - If you are a sole trader, your business was suspended or there was a reduction in your turnover of 20% or more

How to apply

If you are eligible for this new ground of early release, you can apply directly to the AOTO through myGov website my.gov.au.

PLEASE DO NOT WITHDRAW ANY FUNDS FROM YOUR SUPER FUND UNLESS YOU HAVE APPLIED TO THE ATO TO DO SO AND HAVE RECEIVED THE CLEARANCE TO WITHDRAW FROM THE ATO.

IF YOU ARE NOT SURE PLEASE CALL OUR OFFICE TO DISCUSS.

5. Our commitment to you

We at APM are committed to providing you with accurate, consistent and clear information to help you understand your entitlements and position to meet your obligations and navigate your affairs through this very challenging time.

We stress again that if you are unsure on any of the above points please do not hesitate to reach and request assistance from our team.

We are here to help.
