

## **VICTORIA STATE COVID-19 ASSISTANCE**

### **BUSINESS SUPPORT GRANT and LANDLORD/TENANT ASSISTANCE**

#### **BUSINESS SUPPORT GRANT**

If your business is in a sector hardest hit by the shutdown restrictions, you may be eligible to receive a \$10,000 support grant from the Victorian Government's Business Support Fund.

To qualify you will need to: -

- Employ staff
- Be subject to closure or be highly impacted by shutdown restrictions
- Have a turnover of more than \$75,000
- Have a payroll of under \$650,000
- Hold an ABN as at 16<sup>th</sup> March 2019 and
- Operate your business in Victoria

As the grant is for businesses that have been hardest hit by the shutdown restrictions, eligibility for the grant will be assessed against the industry classification of your ABN. It is therefore important to check that your industry classification linked to your ABN correctly reflects your current business activity. Applications and details can be done through this link:

<https://www.business.vic.gov.au/support-for-your-business/grants-and-assistance/business-support-fund>

As soon as you have applied, they will check your application and if approved you will receive the funds within approximately 10 days.

Applications close on Monday 1<sup>st</sup> June 2020.

#### **LANDLORD/TENNANT RENT RELIEF – CODE OF CONDUCT**

##### **Residential Tenants**

Rent relief for residential property needs to be negotiated between the landlord and the tenant. It is recommended that this be negotiated on the reduction of income that the tenant has suffered. The tenant will have to be prepared to make all his income and expenditure examined.

Consumer Affairs Victoria have a site that sets forth what a tenant and a landlord should do <https://www.consumer.vic.gov.au/resources-and-tools/advice-in-a-disaster/coronavirus-covid19-and-your-rights/rent-relief-tenants/work-out-how-much-rent-you-can-afford-to-pay-tenants>

Please refer to this for details.

The Victorian Government has set up a **Rental Assistance Fund** for tenants severely impacted and paying more than 30% of their income in rent. Renters will also need to have less than \$5,000 in savings. Renters will need to register their revised rental agreement with Consumer Affairs Victoria and if eligible will receive up to \$2,000 in rental assistance which will be paid directly to the landlord.

## **Residential Landlords**

There is no recommended rate or amount, but it is recommended that you try to come to an agreement with your tenant that is reasonable in the circumstances. Consumer Affairs Victoria have a guideline on what you should consider in dealing with your tenant. Please refer to this for details.

<https://www.consumer.vic.gov.au/resources-and-tools/advice-in-a-disaster/coronavirus-covid19-and-your-rights/rent-relief-landlords/what-do-i-do-if-my-tenant-cannot-afford-to-pay-rent>

## **Commercial leases**

The federal government produced a mandatory code of conduct in respect of commercial property and this has been adopted by the Victorian government. This applies from 29<sup>th</sup> March 2020. The code of conduct will apply to small and medium sized commercial tenancies impacted by COVID-19. The tenant enterprise must: -

- Have a turnover less than \$50 million.
- Must be registered for the JobKeeper Payment – that is must have suffered a decline in turnover of at least 30%.

The duration of the rental reduction will apply for as long as the JobKeeper Payment program is operational.

The main principles of the code of conduct are as follows: -

- Rental Reduction is in proportion to the decline in the tenant's turnover
- The reduction is a combination of waiver and deferral
- Tenants must remain committed to the terms of the lease
- Tenants must continue paying where possible
- No rental increases to apply during COVID-19 period and reasonable recovery period
- Landlord cannot terminate lease for non-payment of rent so evictions are banned unless under certain circumstances
- Landlord must not draw on tenant security for payment of rent
- No penalties can be imposed on tenants who stop trading or reduce opening hours
- Interest must not be charged on unpaid rent
- Any reduction in land tax and other outgoings must be passed on to the tenant

Tenants and landlords are encouraged to work in good faith to share the financial burden.

The deferral of rental income is to be made up over the greater of the balance of the lease period or 24 months after the COVID-19 reasonable recovery period.

The reduction is to the net rental. Outgoings can still be recovered.

Parties should formally document their arrangements to ensure variations are recorded and agreements altered after the COVID-19 pandemic.

The Victorian Government has allowed a discount of 25% on land tax if the landlord provides tenant with rent relief. The landlord will also be able to defer the payment of the balance of the land tax till after 31<sup>st</sup> December 2020 if their total taxable landholdings are below \$1 million. The State Revenue Office will contact landowners who are eligible for this deferral.

**Example**

Tenant suffers a 50% reduction in turnover in April. Landlord should waiver 25% of the rent and defer 25% of the rent. If in May the tenant only suffers a 40% reduction in turnover, the rental waiver for that month is 20% and the deferral is 20%. You would do that for as long as the JobKeeper Payment is operational which is to the 26<sup>th</sup> September 2020 or longer if extended. Thereafter work out the total rental deferred and add this proportionately (after allowing for a reasonable recovery period) to the monthly rental payable for the remainder of the lease or 24 months, whichever is the greater. Tenants could therefore still be paying for this amount after their lease has expired (if less than 24 months) and they have vacated the premises.

Should you require any assistance, please contact us.