



# esdalesinclair & ASSOCIATES

*...your local finance specialists*

Welcome to our quarterly newsletter.

Our annual golf weekend at Coral Cove saw a record field of 51 players tee off in fine weather and thanks to the generosity of our clients and business partners, it looks like we will have around \$3,000 for donation to a worthy cause. Final costs are being tallied and we hope to make 2 x \$1,500 donations to a couple of worthy causes, this will take the tally to over \$10,000 over the last four years. We hope to make the announcements and presentation during Beef Week from 2nd to 7th May and look forward to catching up with many of our Rural clients in town during the week.

In this edition of our Newsletter we take a look at:

- Up to \$1M of business lending maybe available to you under the Government's Phase 2 SME Guarantee Scheme available to 30<sup>th</sup> June 2021
- If you are looking to import equipment we take a look at ways to take the hassle out of importing equipment with our finance and service options
- Update on the Fuel Credit Rates and the scheme effective from 1<sup>st</sup> February 2021
- How you can release your adventurous spirit with our consumer finance options
- We take a look at the changes to insolvency laws that came into effect from the 1st January 2021
- And finally, we take a look at the latest remarketing report issued by Slattery's Asset Advisory

Also a reminder that the Instant Asset Write Off is still available and this tax benefit allows eligible businesses to purchase eligible new and used assets (including multiple assets), and claim the full cost as an instant tax deduction for each asset purchased.

With a number of suppliers currently experiencing a shortage of stock and delivery delays if you are considering the purchase of equipment or a vehicle before the end of the financial year, now might be the ideal time to discuss your finance requirements.

Please do not hesitate to contact us regarding any finance needs you have on (07) 4922 7221.

Enjoy the read!



Thank you all our sponsors of the Coral Cove Golf Weekend.

Pictured enjoying their round of golf are (from left to right) Bob Lawrence of Esdale Sinclair and Associates, Joseph Quirk and Liam Fahey of LAD Social and Robert Rooney of SMR Law.



[Up to \\$1M of business lending maybe available to you under the Government's Phase 2 SME Guarantee Scheme available to 30<sup>th</sup> June 2021](#)

**Key Points:**

- Businesses can now apply for up to \$1 million to aid their recovery and growth
- You can use a loan issued under the scheme for a wide range of business purposes, including business assets, business vehicles, working capital, or purchasing commercial property
- Small and medium businesses, including sole traders and not-for-profits with up to \$50 million of annual turnover, can apply for loans under the scheme
- Phase 2 will remain open to eligible borrowers until 30 June 2021.

The Government this month announced a further enhancement to the SME Guarantee scheme currently available that builds on the framework established

in the two phases of the Coronavirus SME Guarantee Scheme, and is specifically targeted at SMEs currently receiving JobKeeper. The scheme is only open to recipients of the JobKeeper payment between 4 January 2021 and 28 March 2021

### **What is the Coronavirus SME Guarantee Scheme?**

The Federal Government launched the Coronavirus SME Guarantee Scheme (Phase 1) in March 2020 to provide small and medium businesses access to additional funding to support them through the pandemic.

Under the scheme, the government is providing a 50% guarantee on loans provided to SMEs (including sole traders and not-for-profits) by participating lenders. This means eligible small and medium businesses have easier access to funding to aid their recovery from the impacts of COVID-19 and to invest in the future.

### **How is Phase 2 different from Phase 1?**

Phase 2 of the scheme which came into effect on the 1<sup>st</sup> October 2020, is designed to enhance and extend the support measures from Phase 1. This includes some key changes:

- The maximum loan size is now \$1 million per borrower
- Secured loans are now available in addition to unsecured loans
- The maximum loan term is now up to five years
- You can now access the scheme to use loans for a broad range of business purposes, including to purchase business assets and support investment in future growth

### **What can I use a SME Government Guarantee loan for?**

You can use a loan issued under the scheme for a wide range of business

purposes, including:

- Supporting cash flow
- Eligible business assets and vehicles
- Buying owner-occupied commercial property
- Working capital
- Plus a range of broader businesses purposes

#### **Loans issued under the scheme can't be used for:**

- Buying a residential property
- Buying financial products
- Lending to an associated business
- Leasing, renting or hire-purchasing existing assets that are more than halfway into their effective life.

#### **Who's eligible for a SME Government Guarantee business loan?**

Business customers can apply for loans under Phase 2 of the SME Guarantee Scheme. Eligible businesses must:

- Have an annual turnover of less than \$50 million and a valid ABN
- Be a tax resident of Australia – based, registered and operating in Australia
- Use the loan for business purposes only
- Not have existing loans supported by Phase 2 of the government's Coronavirus SME Guarantee Scheme totalling more than \$1 million (including loans from other lenders).

#### **Further enhancements to the SME Guarantee Scheme**

Earlier this month a further version of SME Guarantee Scheme was announced that builds on the framework established in the first two phases of the Coronavirus SME Guarantee Scheme. It is specifically targeted at SMEs currently receiving JobKeeper. The scheme is only open to recipients of the JobKeeper payment between 4 January 2021 and 28 March 2021.

### **In Summary:**

Participating lenders are offering guaranteed loans on the following terms:

- The Government guarantee will be 80% of the loan amount.
- Lenders are allowed to offer borrowers a repayment holiday of up to 24 months.
- Loans can be used for a broad range of business purposes, including to support investment.
- Loans may be used to refinance any pre-existing debt of an eligible borrower, including those from the SME Guarantee Scheme.
- Borrowers can access up to \$5 million in total, in addition to the Phase 1 and Phase 2 loan limits.
- Loans are for terms of up to 10 years, with an optional repayment holiday period.

Further details regarding this recently announced version of the SME Guarantee Scheme can be found [here](#)

### **How do I apply for a loan under the SME Guarantee Scheme?**

Please contact us. We can check your eligibility and assist in applying for a loan if you qualify.



## **We take the hassle out of importing equipment with our Finance options!**

With an increased number of businesses importing equipment we can provide a complete end to end service including financing the purchase.

### **Key Points:**

- Financing to import equipment starting from AUD\$200,000
- Complete end to end solution (if required). This can include negotiating with the supplier, arranging trade finance products and once in Australia converting the trade finance to an equipment finance product
- No additional security generally required

If you are importing equipment the key items to consider from our experience are:

- What are the payment terms required by the Supplier?

- Are you taking any payment risk?
- Is a deposit required?
- Is a Letter of Credit required?
- Is the purchase in foreign currency?
- How do you mitigate the exchange risk?
- How do you structure the transaction?

### **What are other items to consider?**

- The financial strength of the supplier – what happens if a deposit is paid if the equipment is not shipped or delivered?
- Does the equipment need to be installed and commissioned at your premises? If payment had been made when it was shipped can the supplier ensure the equipment is commissioned and working to your satisfaction?
- Can the supplier provide the equipment in a timely manner and have it operating when required at your premises?
- What GST is payable when the equipment arrives in [Australia](#)?

### **How we help!**

Early engagement with us is important. We can assist you with structuring the transaction to provide additional protection against the pitfalls of importing, including arranging the financing of the import (including a Letter of Credit, Forward Exchange Contract and Trade Finance) and the conversion to the Equipment Finance product).

If you are importing equipment or know of someone that is, please do not hesitate to make contact so we can discuss the various options that are available.





## **ATO – Update on Fuel Credit Rates effective 1<sup>st</sup> February 2021**

The Australian Taxation Office have updated the Fuel Tax Credit rates effective from 1 February 2021 in line with fuel tax indexation.

In addition to the changes to the rates, there is now a simpler way to calculate fuel tax credits for diesel used in heavy vehicles. If your business claims less than \$10,000 each year, you can use the new basic method for heavy vehicles. The method makes it easier to work out your on and off public road use.

As the rate for travel off public roads is higher, you'll get more fuel tax credits if you calculate off public road use correctly. Travel off public roads includes when you're idling, loading or unloading your heavy vehicle in warehouses, depots or car parks.

To use the method, all you need is the distance you've travelled and the amount of eligible diesel you've acquired for use in the heavy vehicle for the tax

period.

If you are registered for Fuel Tax Credits or to find out more, we recommend you check the ATO Website [here](#).



## **We can help with Consumer Finance!**

The impact of Covid-19 on international travel has resulted in 2021 gearing up to be the year to explore Australia. We are seeing growing demand with purchases of caravan's, camper trailers and recreational vehicles. If you are looking to release your adventurous spirit and explore Australia with one of the above, the great news is that we can assist with the finance.

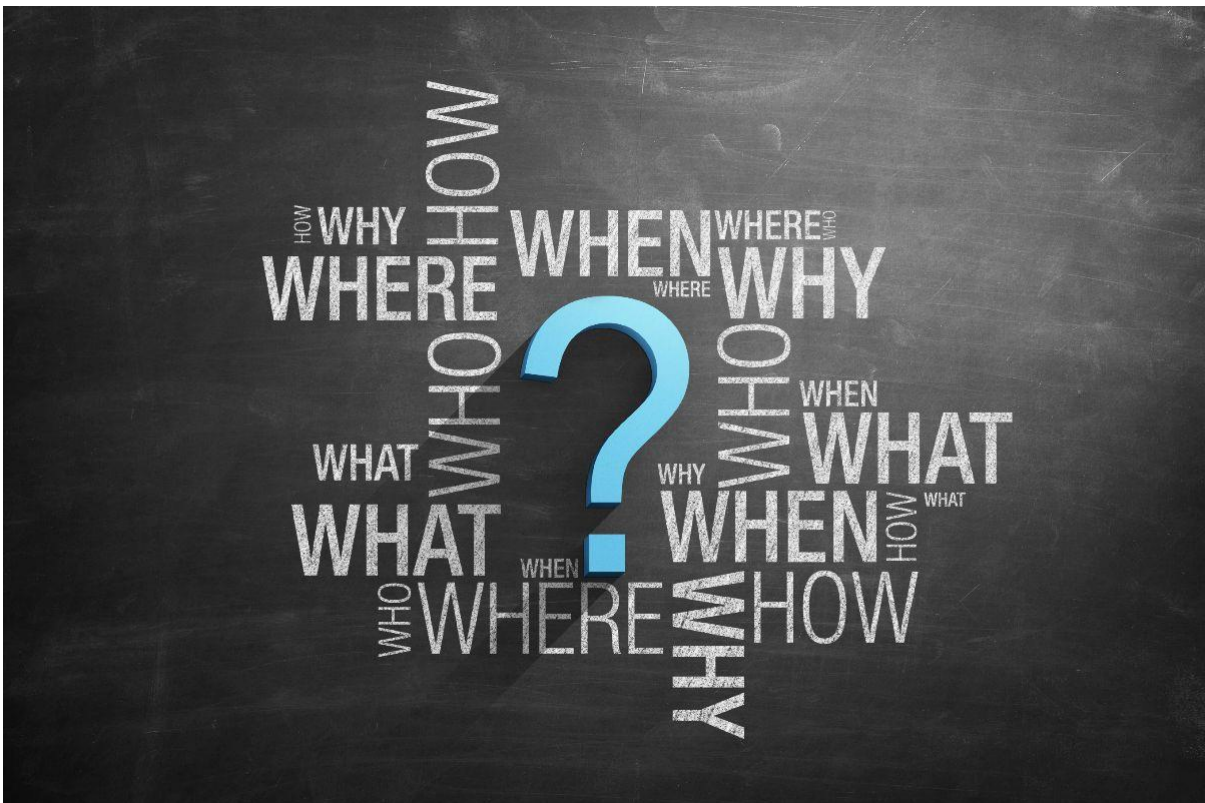
### **We can also arrange funding of the following assets:**

- Motor Vehicles;
- Trailers (Bike and Boat);
- Horse floats;
- Golf Carts;
- Ride On Mowers; and
- All-Terrain Vehicles (four wheelers)

**Benefits of a consumer loan finance include:**

- Access to over 30 Lenders
- New and used assets can be financed
- Fixed interest rates and repayment terms
- Smaller monthly repayments using balloon or residual options
- Tailored repayment plans
- Flexible contract terms (up to 60 months)

Please contact us if you are purchasing any of the above items and require us to assist with the finance.



**New Insolvency laws – Effective from the 1<sup>st</sup> January 2021**

The Covid-19 pandemic combined with what was considered a difficult and expensive process for small and medium enterprises (“SME’s”) has resulted in

significant amendments to Insolvency Laws in Australia. The new legislation is available to SMEs with liabilities of less than AUD \$1m (which the Australian Government states represents 76% of businesses subject to insolvency today)

Known as the Corporations Amendment (Corporate Insolvency Reforms) Bill 2020 (Cth) (**Insolvency Reform Act**) the Legislation introduces two new restructuring and insolvency processes for eligible SME's.

### **Simplified debtor-in-possession restructuring process**

In summary this process is intended to provide financially distressed but viable small businesses with a method of restructuring their debt. Business owners continue to operate the business and are:

- Required to develop a restructuring plan with the assistance of an independent “small business restructuring practitioner” (**SBRP**). The restructuring plan is then put to the company's creditors (within 20 business days) and voted on by them (within a further 15 business days); and
- Pay employee entitlements before the creditor vote.

In addition where the business has resolved that a SBRP should be appointed, it may become eligible for temporary restructuring relief between 1 January 2021 and 31 March 2021, including a continued safe harbour in relation to directors' duties to prevent insolvent trading.

### **Simplified liquidation pathway**

The “simplified liquidation pathway” streamlines the existing Australian liquidation process.

With this pathway there is a reduction of the statutory obligations imposed upon the liquidator for “straightforward” liquidations of small businesses without evidence of director misconduct.

These include:

- reducing the circumstances in which a liquidator can recover unfair preferences from unrelated creditors
- removing the obligation to report on misconduct unless there are reasonable grounds to believe misconduct has occurred
- removing requirements to call creditor meetings
- simplifying the dividend and proof of debt procedures

The measures are intended to reduce the costs associated with the administration of the liquidation process for small companies (which can impose an administrative burden without commensurate benefit to creditors).

### **Why is it important to understand this new legislation?**

- It is recommended that company's seek legal advice (if required) to understand their rights if a company they deal with appoints a SBRP and/or utilises the simplified liquidation process.
- Further information about the insolvency laws can be found [here](#)



## **Asset News – Slattery’s Quarterly Asset Remarketing Report - Q4 2020**

Slattery Asset Advisory has just released their Quarterly Remarketing Report for the final quarter of the 2020 calendar year. Despite the new and secondary equipment markets being affected by COVID-19 and a recession during 2020, the fourth quarter closed with positive results across all sectors. With an expectation that the markets will continue to strengthen in 2021.

### Key Points:

- New road transport sector achieved 5 months of growth and is showing some certainty for strengthening results in 2021 across all segments.
- Positive growth was recorded in the fourth quarter for new road transport market.
- Caterpillar has seen full-year sales and revenues decline by 22% in 2020. One of the only positives to be found was in Asia Pacific with the

Resource industry going up by 8% highlighting that mining was less affected by the COVID-19 pandemic.

- The agricultural equipment market in Australia had a standout year. Highlighted with Tractor sales not seen since the 1980s with over 13,000 units sold in a one month period.
- The Automotive industry is grappling with stock shortages across the country; The VFACTS data shows 916,968 new cars were reported as sold for the 2020 calendar year – down by 13.7 per cent compared to the prior year, but a recovery from the 48.5 per cent decline in April 2020.
- Secondary truck, machinery and automotive assets through auction remained very strong this quarter with stock short for new assets prices achieved were positive.

Luxury and recreation assets such as motorhomes, sports cars and boats have been popular. This is the result of the COVID-19 pandemic and Australian being unable to travel overseas for holidays, therefore have been purchasing luxury goods to enjoy their holidays at home.

To read the full report or subscribe to Slattery Asset Advisory communications please click [here](#)

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