

Checklist for small businesses impacted by natural disasters

Many small businesses don't have a business continuity plan for when natural disasters strike. So here are some practical issues small business operators in Australia should consider.

1. Are you OK?

- Running a business is stressful enough without Mother Nature's interference.
- Reach out to family, friends, advisers and local support groups.

2. Engage with your workers – You'll be heartened by their support

- Be upfront about the impact of the disaster on your business.
- Check employment and contractor agreements. Can unutilised employees agree to reduced hours, bring forward annual leave plans or take unpaid leave if the business is temporarily closed or in re-start mode? Legal advice may be needed.
- Fringe Benefits Tax concessions may apply for emergency benefits to employees.
- Challenge your workforce with diverse tasks to get the business up and running.

3. Secure business records, obtaining replacement records if necessary

- Get your business technology up and running again as quickly as you can.

4. Insurance

- Check current policies for coverage.
- Collate details of losses (photographic evidence helps).
- Engage with your insurers.
- Seek a 2nd opinion on proposed payouts.

5. Government emergency grants and community support funds

- Check your entitlements (business and personal).

6. Trading stock, equipment and buildings

- For insurance, government assistance and tax deduction purposes, keep records of damaged, lost or destroyed trading stock (even if sold for reduced prices), equipment and business buildings.
- Replacement equipment may attract a 100% tax write-off (conditions apply).

7. Repairs, clean-up costs, temporary storage costs etc

- For insurance, government assistance and tax deduction purposes, keep records.
- Tax deductions apply to repairs, *not* improvements (there's a difference).

8. Do you operate from leased business premises?

- Engage with your landlord on possible rent relief and the timeframe for any necessary repairs to be done.

9. Your suppliers

- Review purchase agreements to determine rights and obligations of both parties.
- Speak to them. Will they accept delayed payment terms?
- How quickly can they re-supply what's needed to re-start business operations?

10. Your customers

- Review sale agreements to determine rights and obligations of both parties.
- Develop and implement a communication strategy that conveys your re-start plans and how you'll help them as they too recover from the disaster.
- Can customers bring forward payment of any amounts owed to your business?
- Enlist customer support as you re-start business (e.g. sales campaigns).

11. Revise business cash flow and business forecasts for the current financial year and subsequent years

- Be realistic and conservative in your estimates.
- Specialist business recovery advice may be a good investment.

12. Tax

- Engage with the ATO and State & Territory tax authorities.
- Work with your accountant to see if any favourable tax adjustments can be made in your next BAS and tax return. Lodgment extensions may be available.
- Seek deferred tax payment plans if necessary.
- In serious hardship cases, tax debt waiver may be available.

13. Finance

- Quantify any additional financing needed to re-start business operations and explore financing options.
- Engage with existing financiers and discuss your business recovery plans.
- Seek a temporary break on interest repayments if necessary.

14. Learn from this

- What went well in responding to the disaster? What could have been done better?
- For the longer term, should a business continuity plan be prepared?

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