

# BusinessPlus+ Newsletter

Issue – April 2020

## SME Commercial Rent Relief Package & Code of Conduct

After a meeting of the National Cabinet on 7 April 2020 the Prime Minister announced new rental waivers and deferrals for SME commercial tenants impacted by the COVID-19 Coronavirus. Under the scheme, landlords **will have to reduce lease rentals in proportion to the reduction in the tenant's business turnover due to the COVID-19 Coronavirus – up to a maximum of 50%** and this commenced with effect from **3 April 2020, as per State based legislation. The Western Australian legislation was introduced into parliament in the week ended 17<sup>th</sup> April 2020.**

If you're renting your business premises and there is a likelihood you may need to negotiate a rent decrease, you must be registered for the JobKeeper payment scheme. This is even if you do not intend to apply for the wages' subsidy payments, because to gain the benefit of the “mandatory code of conduct for SME commercial leases”, **you must be a registered (eligible) business for the purpose of the JobKeeper program.**

**Landlords are required to offer tenants, at least, 50% of their rent reduction entitlement as waivers “over the course of the pandemic period – currently six months” and the remaining 50% as rent deferrals.**

Deferrals are required to be covered over the balance of the tenant's individual lease term – **with a minimum deferral period of 24 months.** For example, a tenant with 3 years left on the lease will be able to pay deferred rent over the course of their agreement. Whilst a tenant with less than two years on their leases, for example 12 months, will have a minimum period of 24 months to pay the deferred rent.

**In summary, landlords cannot refuse reasonable requests for rent relief to SME tenants who are eligible for the JobKeeper scheme.** Waivers and deferrals will be negotiated individually but must follow the core principles of the mandatory code. **A copy of the SME Mandatory Code of Conduct – Commercial Leases, can be found [here](#).**

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