

Process for commercial tenancies

TENANT QUESTION

What should I do if I can't afford to pay my rent?

LANDLORD QUESTION:

What should I do if my tenant has stopped paying rent or indicated they can't pay the whole amount?

Eligible tenants are those that qualify for the Commonwealth's JobKeeper program.

Tenants must be a small or medium sized business, including not-for-profits and sole traders, with annual turnover of up to \$50m.

Step 1:

- Keep paying what rent you can afford
- Work out your estimated income and plan how much you can afford to pay in rent – take account of other financial supports you may have access to
- Talk to your property manager (estate agent) – if you have one – and consult information available at smallbusiness.vic.gov.au

Step 1:

- Work out what rent reduction is possible in your financial position
- Take account of other supports you might have access to – eg mortgage relief from your bank (see step 10)
- Note other state government schemes may be available if you provide rental relief (see step 9)
- Consult information available at smallbusiness.vic.gov.au

Step 2:

- Contact your landlord (directly or via your property manager) as soon as possible and ask for a reduction in rent

Step 2:

- Contact your tenant to find out more about their circumstances

Step 3:

- Try to reach agreement about a reduced rent amount for a period of time, and a payment plan for any outstanding rent

Step 4:

- Contact the Victorian Small Business Commission (VSBC) with the result of the agreement or to ask for help if you are having trouble

What happens when I contact VSBC?

Step 5:

- VSBC will record the agreement you have already reached, or provides a free mediation service to help you reach agreement

What happens at VSBC?

Step 6:

- A trained mediator will work with you to find mutual agreement

Step 7:

- A record of agreement or binding mediation outcome will be made at end of process

Step 8:

- Disputed outcomes are subject to final arbitration at VCAT or the Courts only after the mediation process is fully exhausted

Additional steps for landlords

Step 9: Am I entitled to a land tax reduction?

- Yes, landlords that have provided rental relief to a tenant can apply to the State Revenue Office for a land tax discount of 25 per cent (equivalent to three months) and ability to defer remainder of their land tax liability until 31 March 2021.

Step 10: Should I contact my bank if I have a mortgage?

- Yes, landlords that have provided rental relief to tenants should approach their lender about mortgage payment deferral. Landlords can cite their documented agreement on rent reduction with the tenant, noting that the outcome of this action will be dependent on the decisions of the relevant financial institution.