

## RESPONDING TO COVID-19

# COVID-19 STIMULUS: GUIDE TO AUSTRALIAN TAX MEASURES

Accurate as at  
23 March 2020

In light of the economic uncertainty triggered by COVID-19 related events, many businesses are looking to access Government stimulus packages. As events continue to move quickly, and the incentives and eligibility requirements vary across jurisdictions, the challenges in identifying and taking timely advantage of all available opportunities is intensifying.

Focusing solely on tax related measures, this guide provides a high level summary of the key incentives that are presently on offer at a Federal, State and Territory level.

While this guide provides high level information, it is not a substitute for advice on specific matters. This is particularly important at the present time as the incentives and eligibility requirements can change quickly and without notice.

We hope that you find this guide valuable. We look forward to working with you and welcome your feedback on any aspect of it.



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# FEDERAL TAX CONCESSIONS

Key Tax Concession	Description	Effective Date
Instant asset write-off	<ul style="list-style-type: none"> <li>The instant asset write-off threshold has increased from \$30,000 to \$150,000.</li> <li>It now also extends to include businesses with aggregated annual turnover of less than \$500 million (up from \$50 million).</li> <li>The benefit applies to both new and second hand assets first used or installed ready for use within this period.</li> </ul>	12 March 2020 to 30 June 2020
Accelerated depreciation	<ul style="list-style-type: none"> <li>Businesses with aggregated turnover of less than \$500 million are entitled to an upfront 50% deduction for “eligible assets” (i.e. new depreciable assets) with existing depreciation rules applying to the balance of the asset’s cost.</li> <li>This measure does not extend to second hand assets, buildings or other capital works.</li> </ul>	12 March 2020 to 30 June 2021
Boosting cash flow	<ul style="list-style-type: none"> <li>Businesses and not-for-profits with aggregated turnover of less than \$50 million will be entitled to a tax-free payment of up to \$100,000.</li> <li>The payment will equal to the lesser of the following:               <ul style="list-style-type: none"> <li>100% of PAYG amounts withheld from salary and wages; or</li> <li>\$50,000 for both the year ended 30 June 2020, and from July to September 2020.</li> </ul> </li> <li>Eligible businesses not required to withhold will receive a minimum payment of \$20,000.</li> <li>The payments will be delivered by the ATO as a credit on the businesses’ relevant business activity statement.</li> </ul>	From 28 April 2020
Other ATO administrative measures	<ul style="list-style-type: none"> <li>Payment deferrals of up to 6 months: these relate to payments, including income tax, activity statements, PAYG instalments, FBT and excise payments;</li> <li>Remission of interest and penalties incurred after 23 January 2020; and</li> <li>Low interest payment plans.</li> </ul>	Determination on a case by case basis.

# PAYROLL TAX CONCESSIONS

## WA:

- **Grant:** one-off grant of \$17,500 for businesses with annual Australian taxable wages between \$1-\$4 million.
- **Payroll tax threshold:** increased from \$950,000 to \$1 million from 1 July 2020.
- **Deferral:** businesses with annual Australian taxable wages of less than \$7.5 million can defer their 2019-20 payroll tax payment until 21 July 2020. Businesses must complete an online payroll tax deferral application and submit it via a web enquiry.

## SA:

- No payroll tax measures announced to date.

## VIC:

- **Waiver:** payroll tax for FY19/20 waived for businesses with annual taxable wages up to \$3 million. If relevant, the SRO will contact eligible businesses to reimburse any payroll tax already paid for the period.
- **Defer:** these eligible businesses can also defer their payroll tax for the first quarter of FY20/21 until January 2021.

## TAS:

- **Waiver:** payroll tax waived for hospitality, tourism and seafood industry businesses, and approved applicants (i.e. businesses with annual payroll of up to \$5 million in wages) for the last four months of FY19/20. The waiver application will shortly be published by the SRO.
- **Rebate:** from 1 April 2020, a one year rebate is available to employers who employ youth (i.e. persons aged under 24).

## NT:

- **Exemption:** the payroll tax exemption for hiring Territory employees has been extended to 30 June 2021.

## QLD:

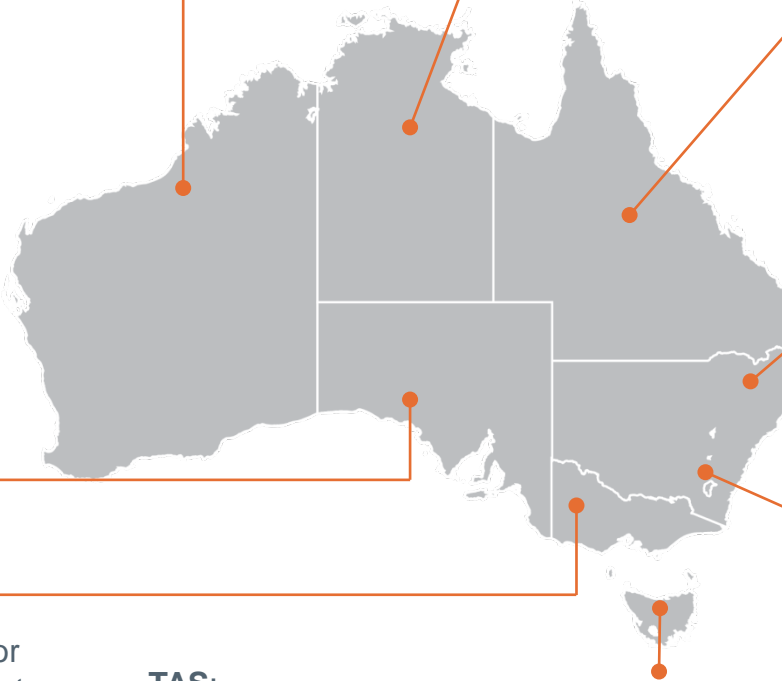
- **Deferral:** 6 month deferral for all businesses across the State, (i.e. until 3 August 2020). Businesses must complete online payroll tax deferral application.

## NSW:

- **Relief:** businesses whose total grouped Australian wages for FY19/20 are less than \$10 million will have their annual tax liability reduced by 25% when they lodge their annual reconciliation (due 28 July).
- **Waiver:** payroll tax waived for businesses who lodge and pay monthly, for each of March, April and May 2020.
- **Payroll tax threshold:** increased from \$900,000 to \$1 million from 1 July 2020.

## ACT:

- **Deferral:** 12 month interest-free deferral of the 2020-21 payroll tax for businesses with Group Australia-wide wages of up to \$10 million (i.e. until 1 July 2022).
- **Waiver:** 6 month waiver for hospitality, arts and entertainment industry businesses.



# LAND TAX AND OTHER CONCESSIONS

**WA:**

- No land tax measures announced to date.
- The WA State Government offers payment arrangements for land tax assessments.

**SA:**

- No land tax measures announced to date.
- Revenue SA allows land tax payments to be made in quarterly instalments.

**VIC:**

- Land owners due to pay 2020 land tax that have at least one non-residential property and total taxable landholdings below \$1 million can defer their 2020 land tax payment until after 31 December 2020.
- No application required. The SRO will contact eligible taxpayers.

**NT:**

- There is no land tax in NT.

**TAS:**

- No land tax measures announced to date.
- \$50 million in interest-free loans over three years for local governments.
- \$50 million in maintenance on public buildings brought forward.

**QLD:**

- \$500 million loan facility, interest-free for the first 12 months. If eligibility criteria is met, it will allow for loans of up to \$250,000.
- No land tax measures announced to date, but the Queensland Government offers taxpayers an extended payment option to make 3 equal instalment payments.

**NSW:**

- No land tax measures announced to date.
- Revenue NSW offers the following payment options:
  - **Instalments:** payment required in three instalments; or
  - **Payment plan:** set up a payment plan and extend the payment dates.

**ACT:**

- No land tax measures announced to date.
- The ACT Revenue Office offers alternative payment arrangements.

