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Payroll tax relief measures in response to COVID-19. *By Andrew Fricot*

All Australian state and territory governments have now announced their various measures to ease the payroll tax burdens on many businesses that operate in their jurisdictions amidst the COVID-19 outbreak. They have also announced their payroll tax treatment of JobKeeper payment subsidies, some with differing treatments. For a more detailed information about this topic, please read my article that can also be found on my [website](#). Below is a summary of the various measures that state and territory governments have introduced to assist payroll tax paying businesses as at **27 May 2020**:

New South Wales

- Businesses with total grouped Australian wages for the 2019-20 financial year that **are no more than \$10 million** will have their annual tax liability reduced by 25% when they lodge their annual reconciliation, which has been extended to 30 October 2020.
 - For those businesses who lodge and pay monthly, no payment for the months of March, April or May 2020 will be required.
 - When lodging the Annual Reconciliation, businesses will still need to provide wage details paid in these months and will receive the benefit of a 25% reduction in the amount of tax they have to pay for 2019-20.
- All businesses including those with total grouped Australian wages for the 2019-20 financial year that are **more than \$10 million** have the option to defer their payment of payroll tax for up to six months. The deferral commences with their payment for the March period, which would ordinarily be due by 7 April. Taxpayers who choose to defer payments are expected to pay their 2019-20 liabilities in full by 30 October 2020.
- Businesses that struggle to make payments of their 2019-20 payroll tax liability may be able to enter into an instalment plan. Further details about instalment plan options will be available in September 2020.
- The \$1 million scheduled tax-free threshold increase has been brought forward from 1 July 2021 to 1 July 2020.
- [JobKeeper payments](#) – only additional payments that an employer makes to top-up or bridge the gap between their employee's normal wage and the \$1500 a fortnight required to qualify for JobKeeper payments are exempt from payroll tax.
- The NSW government has also offered a \$10,000 Small Business COVID-19 Support Grant to assist small businesses and non-profit organisations who have experienced significant decline in revenue as a result of the COVID-19 crisis. More information and applications can be accessed through [Service NSW](#).

Victoria

- Small to medium-sized businesses with Victorian wages **up to \$3 million** will have their 2019-20 payroll tax paid to date refunded. The eligible businesses must continue to lodge returns, but will not be required to make any further payments for the rest of the financial year. If the business is part of a payroll tax group, each member of the group is entitled to the relief measure as long as their individual Victorian wages do not exceed \$3 million.
- The same eligible businesses will also be able to defer any payroll tax payments for the first three months of the 2020/21 financial year until 1 January 2021.
- [JobKeeper payments](#) - only additional payments that an employer makes to top-up or bridge the gap between their employee's normal wage and the \$1500 a fortnight required to qualify for JobKeeper payments are exempt from payroll tax.
- The Victorian government has also offered a \$10,000 small business grant to assist businesses affected COVID-19. Applications for this grant can be made through the [Business Victoria](#) website and will be accepted until 1 June 2020. Visit their website for more information and to check eligibility.

Queensland

- Businesses whose total grouped Australian wages is **\$6.5 million or less** may be eligible for a refund of payroll tax for 2 months (November and December 2019) and pay no payroll tax for 3 months (January to March 2020). Additionally, the eligible businesses may apply for a deferral of payroll tax for the 2020 calendar year. (Previous applicants need not reapply – it will be extended.)
- For businesses whose total grouped Australian wages is **greater than \$6.5 million** that have been negatively affected by the coronavirus, they can apply for a deferral of tax for the 2020 calendar year. (Previous applicants need not reapply- it will be extended.) Additionally, they can apply for a refund of their January and February 2020 payroll tax.
- All businesses are still required to lodge their returns on time despite approval for the deferral of payments.
- [JobKeeper payments](#) subsidising wages are fully exempt. Ordinary earned wages exceeding the \$1500 JobKeeper payment subsidy are liable to payroll tax.

Western Australia

- One-off grant of **\$17 500** for employers (or grouped employers) with total annual Australian taxable wages **more than \$1 million but less than \$4 million**. For a group of employers, a single grant will be payable to the designated group employer. Grants will be automatically paid by cheque from 1 July 2020.
- Payroll tax will be waived from March to June 2020 for businesses with Australian wages that are **less than \$7.5 million** (grouped or non-grouped) as at 30 June 2020. If a business is part of a group, it is the Designated Group Employer (DGE) who is responsible for determining the group's Australian wages and notifying their other group members if they should apply the waiver. Non-DGE group members must keep evidence of their correspondence with the DGE.

- Businesses with total Australian wages **less than \$5 million** as at 29 February 2020 will not need to apply for the waiver as it's automatically applied. All other payments up to and including the February lodgement and payment are required to be up-to-date.
- For businesses with total Australian wages of **\$5 million or more, but less than \$7.5 million** as at 29 February 2020, or new employers from 1 March they can apply to defer lodging and paying returns for the remainder of the 2020 financial year. If total wages exceed \$7.5 million by the end of the financial year, deferred payments will become payable by 21 July as part of completing their Annual Reconciliation. If total wages are less than \$7.5 million at the end of the financial year, payroll tax for March to June 2020 will be waived as part of the Annual Reconciliation process.
- The payroll tax threshold will be increased to \$1 million on 1 July 2020. This brings the increase forward from the planned date of 1 January 2021.
- [JobKeeper payments](#) subsidising wages are fully exempt. Ordinary earned wages exceeding the \$1500 JobKeeper payment subsidy are liable to payroll tax.

Tasmania

- Businesses with annual total Australian wages **up to \$5 million** annually who can demonstrate that their operations have been affected by COVID-19 will be able to apply to have their 2019-20 payroll tax waived. The Annual Reconciliation will still need to be lodged by 21 July 2020 without payment. [Guideline](#) available.
- Payroll tax will be waived for the entire 2020 financial year for the **hospitality, tourism, and seafood sectors**. There are no wage caps applicable to this waiver. The Annual Reconciliation will still need to be lodged by 21 July 2020 without payment. [Guideline](#) available.
- A one-year rebate for employers who pay payroll tax and **employ new youth employees** aged 24 years and under will take effect from 1 April 2020 to 31 December 2020. [Guideline](#) available.
- [JobKeeper payments](#) subsidising wages are fully exempt. Ordinary earned wages exceeding the \$1500 JobKeeper payment subsidy are liable to payroll tax.

South Australia

- Businesses with total group Australian wages of **up to \$4 million** will receive a six-month waiver of payroll tax for the months of March 2020 through to August 2020. No application is required and eligible businesses will be contacted via RevenueSA online. Monthly returns are still required to be submitted, with no payments to be made.
- Businesses with total group Australian wages of **above \$4 million** can apply for a six-month payroll tax deferral if they can demonstrate they have been significantly impacted by COVID-19. An online application will be developed in due course. Monthly returns are still required to be submitted, with no payments to be made until the Annual Reconciliation is processed.
- [JobKeeper payments](#) subsidising wages are fully exempt. Ordinary earned wages exceeding the \$1500 JobKeeper payment subsidy are liable to payroll tax.
- The South Australian government has also offered a \$10,000 small business grant to assist businesses affected COVID-19. Applications for the grant can be made through the [Department of Treasury and Finance](#) website and will be accepted until 1 June 2020. Visit their website for more information and to check eligibility.

ACT

- Industries affected by COVID-19 will have a six-month waiver of payroll tax due to be paid from April to September 2020. Affected industries include employers that have been announced as prohibited business activities in the ACT.
- Annual payroll tax payers will have 25% of their total tax payable waived as part of the annual reconciliation return due on 21 July 2020.
- Businesses with total group Australian wages of **up to \$10 million** can defer their 2020-21 payroll tax, interest free until 1 July 2022. Businesses will need to confirm their eligibility by applying online for the deferral. Monthly returns and the Annual Reconciliation will still need to be lodged as normal without the associated payments.
- Businesses in the **construction industry** can apply to defer their payroll tax liability, interest-free for six months from April to September 2020.
- [JobKeeper payments](#) subsidising wages are fully exempt. Ordinary earned wages exceeding the \$1500 JobKeeper payment subsidy are liable to payroll tax.

Northern Territory

- Businesses that can demonstrate substantial hardship due to the COVID-19 pandemic can receive payroll tax relief for six months from April 2020, which aligns with the six returns between March and August 2020. Monthly lodgers are still required to make their monthly wage declarations. Relief is in the form of either waivers or deferrals as follows:
 - For businesses with an **annual turnover of up to \$50 million** that can demonstrate that they have suffered **at least 30% reduction in turnover** compared to the corresponding month or quarter in 2019, a waiver of payroll tax for the six months will apply.
 - For businesses with total Australian taxable wages for 2019-20 that are **over \$7.5 million** and have a **reduction in turnover of at least 50%** compared to the corresponding month or quarter in 2019, these businesses can apply to defer their payment of payroll tax until 21 September 2020.
- The payroll tax exemption for hiring Territory employees has been extended to 30 June 2021. Under this exemption eligible employers may be exempt for up to two years in relation to wages paid to Territory residents that increase the number of workers for that business.
- [JobKeeper payments](#) subsidising wages are fully exempt. Ordinary earned wages exceeding the \$1500 JobKeeper payment subsidy are liable to payroll tax.

This information is a current reflection of the measures taken by various state and territory governments in response to the COVID-19 outbreak. It is important to note that these payroll tax relief measures may change as governments adjust their policies, so check for further updates. For more information or for a wide range of payroll tax services please feel free to contact Payroll Tax Solutions Pty Ltd on 0412 626 578 or email us on info@payrolltaxsolutions.com.au



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