

## TAX RELIEF MEASURES FOR COMPANIES IN THE FACE OF COVID-19

After weeks of isolation, social distancing and working from home, businesses have been some of the most significantly impacted by the pandemic. In addition to the JobKeeper stimulus package, a number of tax relief measures have been announced to assist businesses combat the economic effects of COVID-19.

### Payroll Tax

#### Businesses with total grouped Australian wages up to \$10 million

- Eligible businesses with payrolls up to \$10 million for the 2019/2020 financial year will have their tax liability reduced by 25% when they lodge their annual reconciliation, due on 28 July.
- These businesses do not need to register or apply for the discount. Provided the total grouped Australian wages are no more than \$10 million, the discount will automatically be applied upon lodgement of the annual reconciliation.
- For those customers who lodge and pay monthly and whose total Australian wages will be no more than \$10 million for the current financial year, a three-month waiver of payroll tax liabilities, for the months March, April and May 2020. These customers will also have the option of deferring for an additional three months, will details on this to be provided.
- For those 'annual customers', the discount will automatically be applied when you lodge your 2019/2020 annual reconciliation, provided the total group Australian wages are no more than \$10 million.
- It is important to remember that 'total grouped Australian wages' means NSW wages and interstate wages paid or payable to an employee.
- If you do not know what your total group wages are, you will need to obtain wage details of all group members, both in NSW and interstate to determine whether your total grouped wages are no more than \$10 million for the 2019/2020 financial year.
- As part of the economic stimulus package, the NSW Government announced that the payroll tax threshold will be lifted to \$1,000,000, commencing 1 July 2020.

#### Businesses with total grouped Australian wages over \$10 million

- These customers will have the option of deferring payroll tax for up to 6 months.
- Payment for the March period, normally due on 7 April 2020, does not need to be made.

### Land Tax

The land tax support package includes a reduction of up to 25% of the land tax payable in the 2020 tax year:

The land tax support package is available for both residential and commercial landlords:

- (1) Who are leasing their property to a residential or commercial tenant who can demonstrate financial distress.
  - (a) For residential tenants, this means a 25% drop in household income due to COVID-19; and
  - (b) Business tenant must have an annual turnover of up to \$50 million
- (2) Who has reduced the rent of the tenant in the amount of the tax reduction.
- (3) Where the land tax is directly related to the property for which rent has been reduced. The principles and guidelines in the National Cabinet Mandatory Code of Conduct relating to commercial leases should be followed. [We have a great summary on the Code you can find on our website.](#)

#### Application process

While the application process has not yet become available, you will likely require documentation from your tenant, demonstrating that they are in 'financial distress', such as BAS statements or a letter from an accountant.

Evidence may also be required to show that the lease was reduced in response to such financial distress, such as copies of old and new tenancy agreements.

### Next Steps

For both payroll and land tax relief measures, it is important to understand your eligibility. With respect to payroll tax relief, once you understand your eligibility, the automatic application of the discount upon lodgement makes the process fairly straightforward.

While awaiting further information as to the application process, tenants seeking relief measures for payment of land tax should understand their obligations under the National Code when granting tenants rent relief, ensure their tenants can demonstrate 'financial distress' and begin gathering any supporting documentation where possible.

### Disclaimer

While all care has been taken to ensure the above information is accurate, the law is currently changing on a daily basis. The information contained in this document is provided as personal information only. It is not intended to be legal advice and it should not be used as legal or professional advice.