

# TAX TALKS

Australia's Tax News Podcast - The Podcast for Australian Tax Professionals

*The following information is only of a general nature and should not be taken as professional advice.*

## UPDATE 15 | COVID-19 Payroll Tax Relief

COVID-19 payroll tax relief will save you money. How much depends on where you and your employees are based.

### COVID-19 Payroll Tax Relief

Do you need to include Jobkeeper payments in your payroll tax calculations? And to what extent are you exempt from payroll tax at the moment?

The answers depend on where your business and your employees are based as Andrew Fricot of [Payroll Tax Solutions](#) will tell you in this episode. Each state and territory came up with its own rules. It is quite confusing.

Here is what we learned but please listen in as Andrew explains this much better than we ever could.

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### [COVID-19 Payroll Tax Relief](#)

All Australian state and territories are trying to help you cope with the COVID-19 crisis by reducing your payroll tax burden. They just all do it in their own way, which of course makes things very confusing if you are operating in various locations across Australia.

### [JobKeeper](#)

How to treat Jobkeeper payments for payroll tax – do you include it or not – depends on where you are. If you are in NSW or Victoria, bad luck – you will probably pay some payroll tax on the JobKeeper payments. If you are anywhere else in Australia, you are lucky – the JobKeeper payments are fully exempt from payroll tax.

In NSW and Victoria, only the top-up from actual wage to the \$1,500 under JobKeeper is exempt from payroll tax. Whatever an employee receives for actual wage is not exempt.

So if an employee usually receives \$1,100 per fortnight but now receives \$1,500 because of JobKeeper, then the top up of \$400 is exempt from payroll tax, but the usual wage of \$1,100 is not. Or if somebody receives \$2,000 per fortnight and is working as usual, but now subsidised by JobKeeper, then the full \$2,000 is subject to payroll tax.

Outside of NSW and Victoria, so in Queensland, South Australia, Western Australia, Tasmania, Northern Territory and ACT, JobKeeper payments subsidising wages are fully exempt, no matter whether employees work or don't work. Ordinary wages exceeding the \$1,500 JobKeeper payment are liable to payroll tax.

## **New South Wales**

Businesses with Australian wages of \$10m or less can reduce their annual tax liability by 25% when they lodge their annual reconciliation for 2019/20. The deadline for this annual reconciliation is 30 October 2020.

Businesses who lodge and pay monthly can skip their payments for March, April and May 2020.

Irrespective of size you can defer your payment of payroll tax for up to six months, so until 30 October 2020 at the latest. You can enter into an instalment plan if cash flow is an issue (as of course it is for most of us at the moment).

From 1 July 2020 the tax-free threshold increases to \$1m.

## **Victoria**

If your Victorian wages are \$3m or less, you receive a refund of your 2019/20 payroll tax paid to date. You must continue to lodge returns, but don't need to make any further payments for the rest of the financial year.

You can defer any payroll tax payments for July to September 2020 until 1 January 2021.

## **Queensland**

If your Australian wages are \$6.5m or less, you receive a refund of payroll tax for November and December 2019 and pay no payroll tax for January to March 2020. You can also apply for a deferral.

If your Australian wages exceed \$6.5m and you are negatively affected by the crisis, you can apply for a deferral for the 2020 calendar year and a refund of your January and February 2020 payroll tax.

## **Western Australia**

There is a one-off grant of \$17,500 for employers with Australian taxable wages between \$1 and \$4m. You will receive a cheque some time after 1 July 2020.

If your Australian wages are less than \$7.5m, you receive a waiver of payroll tax from March to June 2020.

With Australian wages of less than \$5m as at 29 February 2020, you automatically receive the waiver – so no need to apply – as long as your February lodgement and payments are up to date.

If your Australian wages are \$5m or more or you are a new employer, you can apply to defer lodging and paying for the rest of 2019/20.

The payroll tax threshold will increase to \$1m on 1 July 2020.

## **Tasmania**

If your Australian wages are \$5m or less and you can demonstrate that your operations have been affected by COVID-19, you can apply for a waiver of your 2019/20 payroll tax.

Payroll tax is waived for all of 2019/20 for the hospitality, tourism, and seafood sectors without any wage caps.

No matter what waiver applies, you still need to lodge your Annual Reconciliation by 21 July 2020 but don't need to pay.

If you employ new employees aged 24 or younger, you receive a rebate from 1 April 2020 to 31 December 2020. [Link to guideline.](#)

## **South Australia**

If your Australian wages are \$4m or less, you receive a six-month waiver of payroll tax from March to August 2020. You don't need to apply. RevenueSA will contact you.

With Australian wages of above \$4 million, you can apply for a six-month payroll tax deferral if you can demonstrate that you have been significantly impacted by COVID- 19.

## **ACT**

If your industry is affected by COVID-19, you will have a six-month waiver of payroll tax from April to September 2020.

As an annual payroll tax payer you receive a 25% waiver of your total tax payable as part of the annual reconciliation return due on 21 July 2020.

If your Australian wages exceed \$10 million, you can defer your 2020/21 payroll tax – interest free – until 1 July 2022. You need apply online though to confirm your eligibility.

If you are in the construction industry, you can apply to defer your payroll tax liability, interestfree for six months from April to September 2020.

## **Northern Territory**

If you can demonstrate substantial hardship due to the COVID-19, you can receive payroll tax relief from March to August 2020.

If your annual turnover is \$50m or less and you can demonstrate that you have suffered at least a 30% reduction in turnover compared to the corresponding month or quarter in 2019 (think of JobKeeper), you receive a waiver of payroll tax for six months.

If your Australian wages exceed \$7.5, and have a reduction in turnover of at least 50% compared to the corresponding month or quarter in 2019, you can apply to defer your 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.

## **Lodgement**

No matter where you are, whatever you do or get, you still need to lodge returns when due, even if there is no payment or payment is deferred. You still need to make your monthly wage declarations.

## **MORE**

[Jobkeeper Rulings](#)

[COVID-19 Contract Law](#)

[COVID-19 Employment Law](#)

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