



GMS Flash Alert



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Australia – COVID-19: Payroll Tax Relief Coming

The Australian Taxation Office (ATO) and State Revenue authorities are working with both the federal and state governments to implement a broad range of measures and provide relief to employers. We outlined some of the key announcements and responses to employment tax concerns in this *GMS Flash Alert*.

WHY THIS MATTERS

The various payroll tax-related measures will bring welcome relief for businesses. While most measures are targeted at affected industries (such as tourism and hospitality), small to medium enterprises and not-for-profits, there are some measures which apply to all affected businesses (e.g., deferrals in Queensland). Each state and territory approach is different, so it will be important that tax and finance teams are able to clearly communicate to their business what support may be available.

Payroll Tax Relief

New South Wales

- Payroll tax-paying businesses with a payroll of less than \$10 million are not required to make payroll tax payments for the months of March, April, or May 2020. (All dollar figures expressed are Australian dollars.)
- For these businesses, all wages paid should still be disclosed in the annual reconciliation, however a 25-percent reduction in the amount of tax the business would have had to pay for the year ended 30 June 2020 will be applied.
- Details are expected shortly with respect to the process for claiming the waiver (if required).
- The NSW payroll tax threshold will also be increased to from \$900,000 to \$1 million, from 1 July 2020.¹

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Victoria

- The government will provide full payroll tax refunds for the 2019-20 financial year to small- and medium-sized businesses with payroll of less than \$3 million. This assistance is a refund, not a loan.
- The same businesses will also be able to defer any payroll tax for the first three months of the 2020/21 financial year until 1 January 2021.²

Queensland

- Payroll tax-paying businesses with a payroll of up to \$6.5 million, will receive an email about a refund of payroll tax for two months and a payroll tax holiday for three months. These businesses can also apply for a deferral of payroll tax for the rest of the 2020 calendar year (deferral requests already applied for will be automatically extended).
- Payroll tax-paying businesses with a payroll above \$6.5 million, who are negatively affected by COVID-19 can apply for a deferral of payroll tax for the 2020 calendar year (deferral requests already applied for will be automatically extended) and a refund of payroll tax for two months.
- The deferral and refund are granted by a separate [application](#). The refund must be applied for before 31 May 2020.³

Western Australia

- Payroll tax-paying businesses with a payroll between \$1 million and \$4 million will receive a grant of \$17,500 to assist them with managing the impacts of COVID-19. The grants will be issued by cheque to eligible taxpayers in July 2020 (no application necessary).
- Additional payroll tax relief will also apply for small businesses as a result of the payroll tax threshold increasing to \$1 million from 1 July 2020 (six months earlier than planned).
- There is also a payroll tax payment deferral available for businesses a payroll of \$7.5 million or less that are impacted by COVID-19. The deferral is granted by [application](#)⁴ and applies to the period between 1 March and 30 June. Payroll tax returns for these periods are still required to be lodged where payment deferral is granted.

Tasmania

- A payroll tax waiver is being provided for employers in the hospitality, tourism, and seafood industries during 2020 for the March, April, and May 2020 months. These organisations will still be required to lodge their annual payroll tax reconciliations by 21 July 2020, and a waiver of payroll tax will be granted for March, April, May, and June.
- A payroll tax waiver is also being provided for with a payroll of up to \$5 million during 2020 for the March, April and May 2020 months. These organisations will still be required to lodge their annual payroll tax reconciliations by 21 July 2020 and a waiver of payroll tax will be granted for March, April, and May.
- To encourage businesses to employ young people, the government will introduce a youth employment payroll tax rebate scheme for young people from 1 April 2020. The scheme provides a payroll tax rebate for one year, to businesses that employ a young person aged 24 and under.
- Additional details (including the application process) are expected shortly.⁵

KPMG NOTE

Payroll Tax – What Happens If My Employees Are Working in a Different Location Unexpectedly?

The KPMG International member firm in Australia is working with the various State Revenue authorities to determine the allocation of payroll tax under the nexus provisions for displaced workers providing services in jurisdictions outside their usual work location. For example, workers returning from overseas who continue to work for their overseas employers but are physically present in a particular state.

FOOTNOTES:

- 1 See: <https://www.revenue.nsw.gov.au/taxes-duties-levies-royalties/payroll-tax> .
- 2 See: <https://www.sro.vic.gov.au/news/new-tax-measures-support-businesses> . Also see: <https://www.premier.vic.gov.au/economic-survival-package-to-support-businesses-and-jobs> .
- 3 See: <https://www.business.qld.gov.au/running-business/employing/payroll-tax/lodging/coronavirus-tax-relief> .
- 4 See: <https://www.wa.gov.au/government/multi-step-guides/payroll-tax-employer-guide/covid-19-relief-payroll-tax-employer-guide> .
- 5 See: <https://www.sro.tas.gov.au/Documents/Coronavirus%20payroll%20tax%20measures%20factsheet.pdf> .

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