

2021 COVID-19 SUPPORT PACKAGE (NSW)

AUSTRALIA TAX ALERT

Date: 15 July 2021

Australia Tax Alert

By: Matthew Cridland, Betsy-Ann Howe, Naeha Lal

The Commonwealth Government and NSW Government will both be offering financial support to NSW businesses impacted by the recent COVID-19 restrictions and stay-at-home orders. We have tabled the key components of the 2021 COVID-19 package below.

There is limited detail available at the moment and further information will soon be made available by Service NSW (for the packages offered by both the Commonwealth and NSW).

Concession	Description
Small and medium business support payments	<p>From week four of the lockdown (we understand this to mean the week starting 19 July), small and medium business will receive support payments, similar to the cash flow boost released last year. This will be administered by Service NSW.</p> <p>Specifically, the support payments will be available for NSW businesses, including not-for-profits, with an annual turnover of between AU\$75,000 and AU\$50 million which can demonstrate a 30 percent reduction in turnover compared to an equivalent two week period in 2019.</p> <p>Eligible entities will receive 40 percent of weekly payroll with a payment of between AU\$1,500 to a maximum of AU\$10,000 per week, subject to staffing levels being maintained.</p> <p>Businesses can register their interest now at www.service.nsw.gov.au.</p>
NSW business grants	<p>NSW businesses with Australian wages below AU\$10 million can claim grants between AU\$7,500 and AU\$15,000 to cover the first three-weeks of restrictions. The grant can be used for business expenses such as rent, utilities and wages, for which no other government support is available.</p> <p>Three different grant amounts will be available depending on the decline in turnover experienced during the restrictions, as set out below:</p> <ul style="list-style-type: none"> ▪ AU\$7,500 for a decline of 30 percent or more

Concession	Description
	<ul style="list-style-type: none"> ▪ AU\$10,500 for a decline of 50 percent or more ▪ AU\$15,000 for a decline of 70 percent or more. <p>In addition, micro businesses, (i.e., small businesses or sole traders with a turnover of between AU\$30,000 and AU\$75,000), which experience a decline in turnover of 30 percent, will be eligible for a AU\$1,500 payment per fortnight of restrictions.</p>
Commonwealth business tax relief	<p>To complement the NSW grants program, the Federal Government will:</p> <ul style="list-style-type: none"> ▪ make NSW small business grants, including the new small business payments, tax exempt; and ▪ provide administrative relief to NSW taxpayers facing hardship, including reduced payment plans, no interest charged on late payments and varying instalments on request.
Leases	<p>The NSW Government will provided support to tenants and landlords (both residential and commercial) as follows:</p> <ul style="list-style-type: none"> ▪ Land tax relief will be available which is equal to the value of rent reductions provided by commercial, retail and residential landlords to financially distressed tenants (capped at up to 100 percent of the 2021 land tax year liability). ▪ A capped grant of up to AU\$1,500 is available for residential landlords who are not liable to pay land tax who reduce rent for tenants. This is estimated to cost AU\$210 million. ▪ Introduction of legislative amendments to ensure a short-term eviction moratorium for rental arrears where a residential tenant suffers loss of income of 25 percent due to COVID-19 and meets a range of criteria. ▪ No recovery of security bonds, or lockouts or evictions of impacted retail and commercial tenants will be permitted prior to mediation. Commercial and retail landlords will need to attempt mediation before recovering a security bond or locking out or evicting a tenant impacted by the Public Health Order.
Payroll tax waiver	<p>NSW businesses with Australian wages between AU\$1.2 million and AU\$10 million that have experienced a 30 percent decline in turnover will benefit from a 25 percent payroll tax waiver, as well as payroll tax deferrals and interest free repayment plans.</p>

Concession	Description
Accommodation sector	The NSW Government will offer a support package for the accommodation sector worth AU\$26 million.
Disaster Payments	<p>The Commonwealth is providing "disaster payments" to individuals who are unable to work during the lockdown period. From week 4, the payments are increased to AU\$600 per week (for employees that work more than 20 hours per week) and AU\$375 per week (for employees that work less than 20 hours per week).</p> <p>The liquid asset test (which restricted the payments to individuals with less than AU\$10,000 in available cash) has been removed.</p> <p>The payments are administered via Centrelink and additional information is available here: COVID-19 Disaster Payment - NSW eligibility rules - Services Australia.</p>

KEY CONTACTS



MATTHEW CRIDLAND
PARTNER

SYDNEY
+61.2.9513.2359
MATTHEW.CRIDLAND@KLGATES.COM



BETSY-ANN HOWE
PARTNER

SYDNEY
+61.2.9513.2365
BETSY-ANN.HOWE@KLGATES.COM

.....

This publication/newsletter is for informational purposes and does not contain or convey legal advice. The information herein should not be used or relied upon in regard to any particular facts or circumstances without first consulting a lawyer. Any views expressed herein are those of the author(s) and not necessarily those of the law firm's clients.