

Alert

TAX

COVID-19: Payroll Tax and Land Tax Measures

By Briony Hutchens

The devastating economic impact of the COVID-19 pandemic is being felt far and wide, with many businesses having to make the difficult decision of whether to close their doors, stand down staff or try and change their business model to survive.

In response to the difficulties being faced by businesses, the South Australian government has announced the following measures regarding Payroll Tax and Land Tax to try and ease the burden on businesses and taxpayers during these difficult times.

Payroll Tax

JobKeeper exemption

Payments by businesses to employees under the Federal Government's \$1,500 per fortnight JobKeeper wage subsidy scheme will be exempt from payroll tax in South Australia.

Wages under \$4M

Business groups with annual Australian grouped wages of up to \$4 million will receive a six month payroll tax waiver

between April and September 2020. There is no requirement for these businesses to show any downturn in revenue in order to be eligible for the relief.

Eligibility will be assessed, and the relief applied by, RevenueSA automatically without the need for Taxpayers to make an application.

Businesses are required to continue to lodge payroll tax returns disclosing wages for the month, but no payments are required, with the relief finalised as part of the Annual Reconciliation for 2019/20 and 2020/21.

An online application form will be made available for businesses that were not liable for payroll tax in 2018-19.

Wages over \$4M

Businesses with annual Australian grouped wages above \$4 million will be eligible for a six month deferral of payroll tax for the months of April to September 2020, resulting in payroll tax for these months being payable in October 2020 - if they can demonstrate that they have

been significantly impacted by COVID-19. At this stage no further information has been released as to what will amount to a 'significant impact', however, we expect further details will be released shortly.

Eligible businesses must continue to lodge monthly payroll tax returns disclosing wages for the month, with payment deferred to October 2020.

Land Tax

Deferral

Taxpayers who pay land tax quarterly in the 2019/20 financial year will be able to defer payment of their third and fourth quarter instalments for up to six months. Instalment notices of assessment will be sent as usual, with information regarding the deferral provided with the notice.

The deferral is automatic, and taxpayers are not required to notify or contact RevenueSA to obtain the deferral.

The deferral does not relate to amounts outstanding from prior quarters.

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Commencement of new provisions

The new land tax provisions are due to come into effect on 1 July 2020. While many taxpayers have called for the commencement of these provisions to be delayed, the Government is proceeding with a commencement date of 1 July 2020.

There has however been an increase in the transitional relief fund for eligible taxpayers whose land tax bill will increase as a result of the changes, with relief for eligible taxpayers increasing from 50% to 100% of the eligible amounts.

To be eligible for relief, the increase in land tax assessable under the new rules in respect of relevant properties must be at least \$2,500 more than it would have been under the existing rules. Relief is only provided to the extent that the land tax increase is over \$2,500, i.e. relief is not provided for the first \$2,500 of any increase, up to a maximum of \$50,000. Under the recent announcement, 100% of the eligible increase in land tax over and above the first \$2,500 will now be eligible for relief.

Any taxpayer with an increase in their land tax assessment above \$102,500 will not be eligible for any relief. The relief also does not apply to any increase in land tax assessed to trustees as a result of the higher trust rates being imposed.

An application for relief must be made by taxpayers by 31 March in the relevant year, and taxpayers must be up to date with their land tax payments to be eligible.

Planning

With the changes to the land tax rules going ahead on 1 July 2020, taxpayers need to forge ahead with planning and implementing any changes to land holding structures prior to 30 June 2020 to minimise the impact of the changes. Where land is held in trust, taxpayers also need to make sure that they give notice of the trust to RevenueSA by 31 July 2020 and make arrangements for the nomination of beneficiaries where appropriate.

If you require any assistance with any of these actions, please contact us.



MORE INFO

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