

Practice Update: Special Edition

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NSW State Government COVID-19 Support Measures

NSW Small Business Support Fund

The NSW government has now pledged \$750 million to help small businesses across the state deal with the economic impact caused by the coronavirus pandemic.

The grants of up to \$10,000 must be used for funding unavoidable business costs such as utilities, overheads, legal costs and financial advice.

To be eligible, businesses must be “highly impacted” by the Public Health Order (COVID-19 Restrictions on Gathering and Movement) 2020 issued on 30 March 2020.

Businesses will need to have an ABN as at 1 March 2020, employ between one and 19 employees, and have a turnover of more than \$75,000.

Businesses will also need to have a payroll below the NSW 2019–20 payroll tax threshold of \$900,000.

The grants will be available through Service NSW within a fortnight and remain open until 1 June 2020.

“This is about getting cash into small businesses when they are struggling right now in the face of an unprecedented situation,” NSW Premier Gladys Berejiklian said.

“These grants will provide a big boost, and we will make the application process easy to ensure small businesses can receive some cash flow as soon as possible to meet pressing needs.”

The state’s latest measures follow from previously announced payroll tax waivers (see below) for up to six months.

“This is real, rapid relief for tens of thousands of businesses and it will help ensure many businesses that are not eligible for payroll tax waivers and deferrals can live to trade another day,” said NSW Treasurer Dominic Perrottet.

“Many local cafés, restaurants, corner shops, gyms and small accommodation providers will be eligible to apply.”

NSW Payroll Tax Waivers

NSW Premier Gladys Berejiklian has now committed \$450 million to waive the payroll tax for businesses with payrolls of up to \$10 million for three months ending 30 June 2020.

Further, the NSW government will bring forward the raising of the payroll tax threshold to \$1 million from 1 July 2020, up from \$900,000 and one year earlier than planned.

“Our first priority is always the health of the people of this state and looking after their families and jobs,” Ms Berejiklian said.

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“This package works hand in hand with the recent moves by the Reserve Bank of Australia and the federal government. It will provide more resources to help slow the spread of this virus and boost treatment for those people in our community who need it most.”

The state government will also allocate \$80 million to waive a range of fees and charges for small businesses including bars, cafés, restaurants and tradies, although details on these fees have yet to be released.

Pitcher Partners client director Lawrence Dujmovic said the payroll tax waiver could result in some significant savings for SMEs.

“At its height, an employer with an average payroll amount of \$833,330 per month will save approximately \$41,330 in payroll tax per month or \$123,990 over the three-month period to 30 June 2020,” said Mr Dujmovic.

“These cash savings can be redeployed by business owners into areas where their business may be suffering due to social isolation, ill staff and low consumer confidence.”

NSW’s latest plan mirrors those of Queensland and Western Australia, with Queensland Premier Annastacia Palaszczuk now extending its payroll tax deferral measure to all businesses across the state.

Ms Palaszczuk has also announced a new \$500 million loan facility to offer interest-free loans for the first 12 months.

Businesses will be allowed to borrow up to \$250,000 with an initial 12-month interest-free period.

“The Queensland government already backs farms and businesses with assistance loans in times of natural disasters,” deputy Premier and Treasurer Jackie Trad said.

“Through the Queensland Rural and Industry Development Authority, we already have the mechanism in place to start rolling these loans out the door as soon as possible to help Queensland businesses keep staff on and survive this downturn.”

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