



DECEMBER 2020 CLIENT NEWSLETTER

Welcome...to The Enterprise Sanctuary's December 2020 newsletter.

What a year it has been with a roller coaster of changes and constant updates but we are still here to help and support you and your business.

Today, we will have a look at additional grants and assistances from the Victorian Government, tax concessions available to small businesses and a quick overview of the 2020-21 Victorian State Budget.



**Victorian Government
Grants & Assistance
for businesses**

**Small business tax
concessions**

**Victorian State Budget
2020-21**

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VIC GOV GRANTS & ASSISTANCE

In addition to the JobKeeper Scheme and the cash flow boost, the Victorian government has announced a range of grants and other measures to support businesses.

Grants for Sole Traders

A **Sole Trader Support Fund** offers grants of \$3000 to non-employing sole traders. Eligibility for this grant is tight, and only a small percentage of sole traders will be eligible. Eligibility conditions include that the sole trader must operate from a premise that is not their residence, and be a tenant of that business premises or be the owner/occupier. They must also be receiving JobKeeper and operate in an industry that has been closed or heavily restricted.

Support for Commercial Landlords and Tenants in Victoria

- The **Commercial Rent Relief Scheme** provides rent relief in the form of a rent payment waiver or deferral proportionate to the tenant's reduction in income because of COVID-19. This is to be negotiated between the tenant and landlord in good faith. The Scheme has been extended until 31 December 2020.
- Landlords of residential and commercial properties who provide a 50 per cent or more outright rent waiver of at least three months' rent to eligible tenants can claim a 50 per cent waiver of the property's 2020 land tax.
- Owner-occupiers of commercial properties can obtain a 25 per cent waiver of the property's 2020 land tax if their business meets several conditions, including participating in the JobKeeper Scheme.
- A land tax deferral is available to landowners to defer the remainder of their 2020 land tax to 31 March 2021.

Other support announced by the Victorian Government

- A payroll tax deferral has been extended to businesses with a payroll of less than \$10 million (up from \$3 million) for the entire 2020-21 financial year (previously the deferral was only available for the first three months of the financial year).
- Vouchers will be made available to small businesses and sole traders to build their digital capability. *(Details not yet available)*
- The Government will defer the planned increase in the landfill levy for six months.
- The Government will waive 25 per cent of the Congestion Levy for car park owners this year, with the balance deferred.
- The Government will waive the Vacant Residential Land Tax for 2020.
- Renewable liquor license fees for 2020 and 2021 will be waived (previously only 2020), with businesses that have already paid being reimbursed.
- Alpine businesses will be entitled to grants of up to \$20,000 to help them pay a service charge to the Alpine Resort Management Boards. *(Details not yet available)*

Please contact us at The Enterprise Sanctuary if you would like to talk about this topic in more detail.

SMALL BUSINESS TAX CONCESSIONS

Businesses with an aggregated annual turnover of greater than \$10 million but less than \$50 million will have access to up to ten small business tax concessions.

How the updated small business tax concessions will be rolled out?

The expanded concessions, as part of the 2020-21 Budget will apply in three phases:

- From 1 July 2020 - eligible businesses will be able to immediately deduct certain start-up expenses and certain prepaid expenditure.
- From 1 April 2021 - eligible businesses will be exempt from the 47 per cent fringe benefits tax on car parking and multiple work-related portable electronic devices, such as phones or laptops, provided to employees.
- From 1 July 2021 - eligible businesses will be able to access the simplified trading stock rules, remit pay as you go (PAYG) instalments based on GDP adjusted notional tax, and settle excise duty and excise-equivalent customs duty monthly on eligible goods. Eligible businesses will also have a two-year amendment period apply to income tax assessments for income years starting from 1 July 2021.

In addition, from 1 July 2021, the Commissioner of Taxation's power to create a simplified accounting method determination for GST purposes will be expanded to apply to businesses below the \$50 million aggregated annual turnover threshold.

What types of concessions will be available?

Some of these measures will align with the current existing small business tax concessions:

- Deductions for professional expenses for start-ups;
- Small business restructure rollovers;
- Simplified trading stock rules;
- Immediate deduction for prepaid expenses;
- Simplified depreciation and the instant asset write-off;
- Accelerated depreciation;
- PAYG instalment concessions;
- Simplified BAS;
- Two-year amendment periods;
- Increased small business income tax offset.

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VICTORIAN STATE BUDGET 2020-21

The 2020-21 Victorian State Budget was handed down on 24 November 2020. The focus of the budget was on the promotion of investment into the economy both by the State Government and the private sector and primarily aimed at creating more jobs via the ambitious Jobs Plan.

In addition to the relief measures previously announced by the Victorian Government during the COVID-19 pandemic, the tax measures announced in the State Budget include:

- Bringing forward the commencement date (i.e. to 1 January 2021) of a 50% discount on land transfer (stamp) duty for purchases of commercial and industrial properties in regional Victoria.
- A 50% land transfer (stamp) duty waiver for the purchase of new residential property costing up to \$1 million until 1 July 2021.
- A 25% land transfer (stamp) duty waiver for the purchase of second-hand residential property costing up to \$1 million until 1 July 2021.
- A 50% land tax discount is available on eligible new developments focused on the build-to-rent sector through to 2040.
- Increasing the threshold for businesses to pay their payroll tax annually from \$40,000 to \$100,000 from 1 July 2021.
- A 10% payroll tax credit provision for those businesses with a payroll of less than \$10 million per annum that re-hire staff and employ new workers. The payroll tax credit will apply on the extent to which wages paid in the 2021 and 2022 financial years exceed their prior year wages amount.

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