

SA State Budget delivers more business relief

The South Australian State Treasurer Rob Lucas has delivered a State Budget that is "drowning in red ink", in an effort to sustain and stimulate the State economy during the ongoing global pandemic, and help it recover from the major bushfire events of earlier this year. There's a lot in this Budget in terms of healthcare and infrastructure investment, as well as COVID-19 relief measures. But what's in there specifically for Small-Medium enterprises (SMEs)? Here's a few highlights.



More Small Business Grants

In the early days of the pandemic, the [State Government introduced](#) Small Business Grants of \$10,000 for small businesses and not-for-profits adversely affected by the crisis. These are now referred to as 'Round 1'.

The Budget included an announcement of 'Round 2' grants, providing a further \$10,000 for those who continue to experience challenges. The eligibility criteria are likely to be [the same as for Round 1](#), which means continued JobKeeper eligibility will be necessary.

The scheme will also be expanded to include a \$3,000 grant for owner-operated small businesses that operate from commercial premises but don't employ staff. One requirement of the Round 1 grant was that the business be an employer, which precluded many smaller businesses from receiving any assistance.

Bonus: A bill has been introduced into *Federal* Parliament that will make grants such as these exempt from Federal income tax. The exemption will only apply to eligible State Government grants announced on or after 13th September, so won't apply to Round 1, but these new grants are likely to meet the necessary criteria, thereby increasing their effectiveness as a relief measure.

More Payroll Tax Relief

Payroll Tax relief was a key plank of the State Government's [early coronavirus response](#). This has been extended further, such that businesses with annual grouped wages of up to \$4 million will pay no Payroll Tax this financial year. That's a total exemption of 15 months (from April 2020 to June 2021).

Larger businesses with annual grouped wages of more than \$4 million will pay no Payroll Tax from January 2021 to June 2021 if they are in receipt of JobKeeper. In addition, those that are 'adversely affected by COVID-19' will be able to defer payroll tax due for the period from April 2020 to December 2020, with extended payment arrangements also available.

Land Tax

No additional Land Tax relief was announced, however in the Budget announcement the State Government highlighted action [it had already taken to reduce the burden of Land Tax](#) on struggling businesses. One of the main pillars of this assistance is more the absence of an additional impost. [Aggregation of properties for Land Tax purposes](#) came into effect on 1st July of this year, and while there

are savings for some, others were due to pay more as a consequence. Eligible property owners however are entitled to a waiver of 100% of any additional Land Tax Payable for the 2020-21 financial year (where land tax has increased by between \$2,500 and \$102,500 compared to 2019-20 as a result of aggregation) . This relief is not automatic however. There is an [application process](#), and **applications must be lodged by 31st March**.

Business Advisory Services Scheme

Details are scant at the moment, but possibly responding to calls at the Federal level to provide 'vouchers' that can be used by struggling businesses to access advice, the State Budget announcement included a Business Advisory Services Scheme. The purpose is stated as being to "*support small to medium enterprises to access business advice to support the development of sustainable business strategies*". It remains to be seen what this will specifically look like.

As we've noted a number of times before, State Governments have relatively few economic levers they can pull during a crisis, when compared to the Federal Government. These measures demonstrate however that the South Australian Government is continuing to use some of the options it does have at its disposal to assist businesses wrestling with the impact of the current downturn.

We'll continue to keep you posted as more information becomes available.

If you have any questions about these measures, please [contact us](#).

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