

COVID-19 – Wages on costs

Superannuation, Workers Compensation, Payroll Tax The treatment of Job Keeper Payments and information about relief packages

Job Keeper Payments

Job Keeper Payments (JKP), of \$1500 per fortnight, are payable when both employees and employers meet certain eligibility criteria. The payments are available each fortnight of eligibility from 30 March to 27 September 2020. More information about eligibility and application processes can be found in our Member Advice [NAT 039/20 - Australian Government JobKeeper scheme: Eligibility and structure](#). FAQs on JobKeeper Payments can be found [here](#).

The information contained in this summary document has been developed with the utmost care, based on information available at the time of compilation. It will be updated when we become aware of changes. Members should use the links provided to read the full detail for each state and to remain up to date.

Companies need to know how wages on-costs are affected by JKP. The Commonwealth Government determines the status of superannuation contributions. State and territory governments decide how it applies to workers' compensation premiums and payroll tax.

Ai Group has submitted to all governments that JKP should not create any additional costs for an employer beyond what would apply if JKP did not exist. It seems that most jurisdictions have adopted that approach, and in the case of payroll tax, some jurisdictions have been more generous. However, there are some exceptions. A summary of the current state of knowledge across the country is provided below.

To ensure compliance and avoid overpayments payroll processing should capture both JKP and normal earnings information.

Superannuation Guarantee

Treasury has produced a [Fact Sheet](#) that outlines how JobKeeper will be applied and what the impact will be on the Superannuation Guarantee. The [Australian Taxation Office](#) (ATO) currently advises:

New rules are being introduced by the government with the intention to not require super guarantee to be paid on additional payments that are made to employees as a result of JobKeeper payments. We will update this information once legislation or regulations are in place.

In advance of detailed advice from the ATO, Ai Group has summarised the Treasury advice in Table 1.

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Table 1: Superannuation Guarantee – all states/territories

Category	Application of JobKeeper Payment	Consequence
a Employee currently earning a wage of \$1500 or more per fortnight	Employer pays employee current wage. The employer receives the JKP of \$1500 as a wage subsidy	The employer is required to make contributions based on the current wage.
b Employee currently earning a wage of less than \$1500 per fortnight	Employer pays employee \$1500 per fortnight INCLUDING: 1. Current wages 2. Difference between current wages and \$1500 (JKP)	The employer is required to make contributions based on the current wage. The employer is not required to make a superannuation contribution on the additional amount paid.
c Employee stood down without pay	Employer pays employee \$1500 per fortnight as JKP, not wages.	The employer is not required to make any contributions

Workers' Compensation Premiums and Payroll Tax

State and territory jurisdictions are looking at both workers' compensation premiums and payroll tax to identify how they should be considered in the context of JKPs. A number of jurisdictions have taken the same approach to these on costs as Treasury has taken to superannuation guarantee.

Table 2 outlines where the principles of Table 1 can be applied to workers' compensation premium and/or payroll tax, and where there are variations to this approach. Some jurisdictions have applied a more generous reduction to payroll tax than to workers' compensation. This is most probably justified on the basis that payroll tax is a "tax", whilst workers compensation premiums are an insurance against claims that must be funded by the workers' compensation schemes.

Later in this document further information is provided about other COVID-19 related changes to payment arrangements, including exemptions and deferrals.

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Table 2: Workers' Compensation and Payroll Tax Treatment of Job Keeper Payments

Jurisdiction	Workers' Compensation Premiums	Payroll Tax
New South Wales	Table 1 applies (note this is a change from the previous decision) Website Link	Table 1 applies Website Link
Queensland	Table 1 applies. Website Link	Payroll tax is only payable on any wages paid above the JKP. Website Link
South Australia	Table 1 applies for premium in 2020/21. Website Link JKPs have not been excluded from the remuneration for 2019/20 .	"\$1500-a-fortnight JobKeeper support payments will be exempt from any payroll tax on the wage subsidy." Ai Group believes this means Table 1 applies. Website Link
Victoria	Table 1 applies. Website Link	Table 1 applies. Website Link
Western Australia	Table 1 applies. Website Link	"Wages paid by employers that are subsidised by JKP are exempt from payroll tax. The exemption does not apply to any part of the wages that are not subsidised." Ai Group believes this means Table 1 applies. Website Link
ACT	Table 1 applies Website Link	Businesses are exempt from any payroll tax on wages subsidised by the JKP Website Link
Northern Territory	Table 1 applies. Website Link	No specific information available, other than tax relief measures outlined below. Ai Group is still pursuing further information.
Tasmania	Table 1 applies. Website Link	Payroll tax is only payable on any wages paid above the JKP. Website Link

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Payroll Tax Relief

Table 3 summarises the various approaches to payroll tax relief. In some cases, variations will be automatic, in other cases employers will need to make an application. Employers will still be required to lodge payroll tax returns, within normal time periods, for the periods of waiver or deferral. Use the links provided to access full details of the variations and application processes.

Table 3: Payroll Tax Relief

Jurisdiction	COVID-19 Payroll Tax Concessions
New South Wales	<p>The payroll tax threshold has been increased from \$900,000 to \$1m from the 2020/21 financial year.</p> <p>Businesses with total wages up to \$10m</p> <ul style="list-style-type: none"> No requirement to pay payroll tax for the last three months of 2019/20 Option of deferring payments for an additional three months <p>Businesses with total wages over \$10m</p> <ul style="list-style-type: none"> Option of deferring payroll tax for up to six months <p>Website Link</p>
Queensland	<p>Businesses with total wages up to \$6.5m</p> <ul style="list-style-type: none"> Payroll tax for November and December 2019 will be refunded No payroll tax for January 2020 to March 2020 Can apply for a deferral of payroll tax for the 2020 calendar year <p>Businesses with more than \$6.5m in wages</p> <ul style="list-style-type: none"> Can apply to defer 2020 payroll tax Can apply for a refund for January and February 2020 <p>Website Link</p>
South Australia	<p>Businesses with total wages of \$4m or less (based on the 2018/19 year).</p> <ul style="list-style-type: none"> Waiver of payroll tax for March to August 2020 <p>Businesses with total wages of more than \$4m</p> <ul style="list-style-type: none"> If the business can demonstrate that COVID-19 has significantly impacted cash flow, can apply to defer payroll tax for 6 months (payments for March to August returns can be deferred until October 2020). <p>Website Link</p>
Victoria	<p>Businesses with total wages up to \$3m</p> <ul style="list-style-type: none"> full payroll tax liability for 2019/20 will be refunded may defer paying payroll tax for the first three months of 2020/21 until 1 January 2021 <p>Eligible businesses must continue to lodge returns and will receive further information from the State Revenue Office</p> <p>Website Link</p>

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Jurisdiction	COVID-19 Payroll Tax Concessions
Western Australia	<p>Payroll tax threshold will be increased to \$1m.</p> <p>Employers with total wages of more than \$1m and less than \$4m</p> <ul style="list-style-type: none"> will receive a one-off grant of \$17,500 be eligible for waiver described below <p>Employers (or groups of employers) with taxable wages \$7.5m or less</p> <ul style="list-style-type: none"> will be entitled to a waiver for the period March to June 2020 <p>Website Link</p>
ACT	<p>All businesses whose operations are directly affected by the prohibited activities list such as gyms and indoor sporting venues, cinemas, beauty therapists and nail salons</p> <ul style="list-style-type: none"> eligible to receive a six-month waiver of payroll tax from April to September 2020. <p>Businesses with total wages up to \$10m</p> <ul style="list-style-type: none"> can defer 2020/21 payroll tax, interest free until 1 July 2022. <p>Website Link</p>
Northern Territory	<p>The Department of Trade, Business and Innovation (DTBI) has developed a Business Hardship Register. A business with an annual turnover of up to \$50 million that can demonstrate a reduction in turnover of at least 30 per cent due to COVID-19 when compared to the same month or quarter in 2019 can apply to be included on the Business Hardship Register.</p> <p>Once on the Register and meeting the following criteria: estimated total Australian taxable wages for 2019-20 of over \$7.5 million; and a reduction in turnover of at least 50 per cent (when compared to the corresponding month or quarter in 2019).</p> <ul style="list-style-type: none"> payroll tax deferrals until 21 September 2020 <p>Website Link</p>
Tasmania	<p>Hospitality, tourism and seafood industries</p> <ul style="list-style-type: none"> waiver of 2019/20 payroll tax <p>Total wages of up to \$5m</p> <ul style="list-style-type: none"> waiver of 2019/20 payroll tax <p>Businesses that employ new youth employees (16 to 24 years) between 1 April and 31 December 2020</p> <ul style="list-style-type: none"> Twelve-month rebate from the date employment started <p>Businesses that employ apprentices in the building, construction, tourism, hospitality and manufacturing industries between 1 July 2019 and 30 June 2021</p> <ul style="list-style-type: none"> Two-year rebate from the date the training contract takes effect <p>Website Link</p>

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Relief for Workers Compensation Premiums

Unlike payroll tax, workers compensation schemes will not grant discounts or exemptions. This is because, unlike payroll tax, the payments made are an insurance related to the exposure created by having people undertake work. However, you can adjust your premium if your remuneration has reduced and you can seek to negotiate payment plans.

Adjusting your estimated Remuneration

If your business believes it will have a significant reduction in remuneration paid to workers for the current premium year, due to cuts in staffing levels or the amount of overtime being worked, you can seek an adjustment to the premium payable now. You do not have to wait until the normal cycle is completed.

Negotiating a payment plan

If your business is experiencing financial difficulties you may be able to negotiate a payment plan for any premium amounts that are still to be paid for this current policy year, and for future policies.

State/territory Contacts

New South Wales:

Contact the icare underwriting team on 13 44 22.

Queensland:

Customers who have a Relationship Manager / Customer Adviser should contact them. Other businesses can contact the WorkCover QLD Customer Support Centre on 1300 362 128.

South Australia:

Contact RTWSA on 13 18 55.

Victoria:

Employers can adjust their remuneration through the WorkSafe on-line portal. However, this will only create a credit, it will not generate a refund.

To arrange a refund or discuss payment plans contact will need to be made directly with the Agent.

Allianz	1800 240 335
CGU	1800 066 204
EML	1800 365 842
Gallagher Bassett	1800 774 377
Xchanging	1800 801 070

ACT, Tasmania, NT and WA:

These schemes are privately underwritten with all premium issues handled by the individual insurers. Employers should contact their Broker to adjust remuneration, as the Brokers have processes in place to access the right people to respond within each insurer.

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You don't have to do it alone

Ai Group is well placed to draw on our daily interaction with employers and our detailed knowledge of legislative requirements to provide you with assistance and guidance, or to just be a sounding board.

Feel free to reach out to your regular Ai Group contacts for support or contact the Workplace Advice Line on 1300 55 66 77 for detailed advice on how to respond to the changing times that currently face Australian businesses.

FURTHER INFORMATION

For further information or assistance, please contact the Ai Group Workplace Advice Service on 1300 55 66 77