

2020-21 NSW State Budget Bites



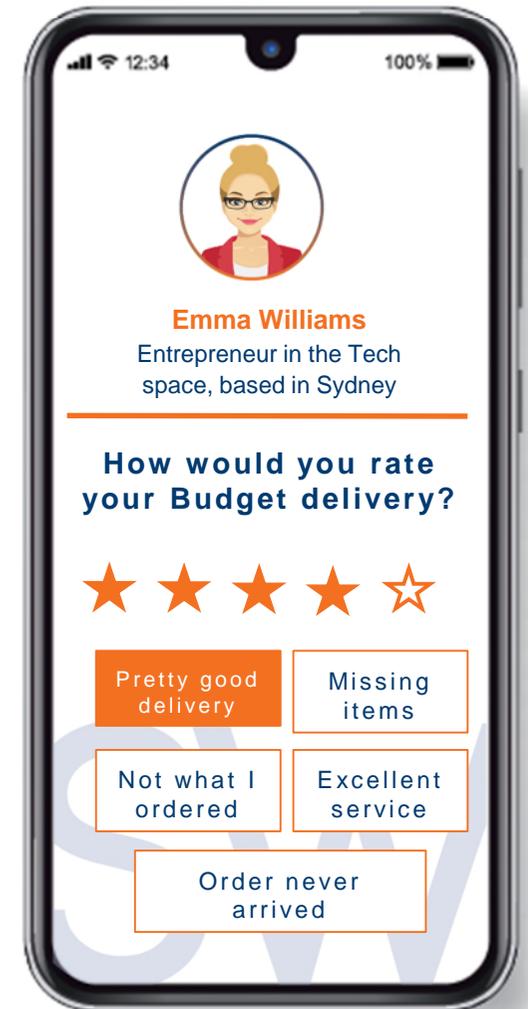
The NSW Government has tabled a 2020-21 State Budget which is very much focused on job creation and the improvement of government services, whilst continuing to keep people safe.

Key Takeaways

- Projected deficit of **\$16bn** (2019-20 deficit \$6.9bn). Return to surplus by 2024-25
- **\$29bn** committed to **economic support measures** (including pre-budget measures) in response to the **COVID-19** crisis and recession
- **\$107.1bn** pipeline of **infrastructure** projects
- **\$29.3bn** in recurrent and capital funding of the **health system**
- Approximately **\$1.4bn** investment in **schools infrastructure**
- Additional **\$700m** for **digitisation transformation** of government services via a **\$1.6bn** Digital Restart Fund
- **\$500m** of **digital vouchers** for hardest hit sectors (dining, arts and entertainment industries)
- Reform agenda to be undertaken for tax (a possible transition away from transfer duty), Government's planning system, labour force flexibility and regulatory regimes
- Other measures in support of **mental health**, extended **free pre-school** scheme, **renewable energy** and **education** were included in the budget.

Significant Tax Measures

- **Payroll tax rate** is to be cut from **5.45%** to **4.85%** for a 2-year period, backdated to 1 July 2020. The payroll tax threshold will also be permanently increased from \$1 million to \$1.2 million
- **Small and medium sized businesses** that do not pay payroll tax will be provided with \$1,500 in **digital vouchers** to cover the cost of **government fees and charges**
- **Jobs Plus Program** for companies who **relocate their Head Offices** or **expand their jobs footprint** in NSW (from 15 December 2020 until 30 June 2022) will be entitled to **payroll tax relief**, up to a **4-year period**, for every new job created where a business creates at least **30 new net jobs**
- **Landlords land tax relief** for the 2020 land tax year, of up to **50 per cent** of the land tax liability relating to their land leased. This Budget extends this support to provide land tax relief of up to **25 per cent for the 2021** land tax year for landlords of retail tenants. Will be available to landlords who provide rent reductions between 1 January 2021 to 28 March 2021, and to eligible retail tenants experiencing financial distress due to the pandemic.



Opportunities for growth and stability

- The economic reform agenda provides the ideal opportunity to both repeal inefficient taxes such as Stamp Duty as well as cut much of the red tape that tends to stifle economic activity
- Proposed expenditure covers almost every sector with particular focus on construction, education and health as the major beneficiaries of the proposed funding boosts
- The focus on building NSW's presence on the global stage bodes well for new burgeoning industries, particularly in digital technologies, as well as sectors that were on the incline before the pandemic such as health and education
- While the substantial funding provided in the past via GST, stamp duty and payroll tax has been substantially reduced the Government is contemplating the privatisation route to make up the shortfall.

Did the NSW Budget deliver what you ordered?

It has been an extraordinary year of upheaval as the nation and NSW in particular grapples with the effects of COVID-19 and we recognise that everyone has been impacted in different ways. Reach out to one of our experts below for assistance navigating the implications and opportunities this Budget presents for you, your business and your industry.



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