

# NSW 2021 COVID-19 BUSINESS GRANT

25 July 2021

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## CHANGES FOR 25 JULY 2021

- Applications for the [JobSaver payment](#) and the [COVID-19 micro business grant](#) open 26 July and close 18 October.
- Entities eligible for the 2021 COVID-19 Business Grant, the JobSaver payment and the COVID-19 micro business grant are also [protected from certain actions by their landlord](#) including eviction from 13 July 2021 to 20 August 2021.
- In relation to declaring that the applicant will maintain their headcount at the same level as 13 July 2021, applicants can stand down employees or reduce their hours and remain eligible, if their employment is not terminated.
- Casual employees are included in the headcount if they have been employed more than 12 months.

## HIGH LEVEL OVERVIEW

To be eligible for the New South Wales (NSW) Government [2021 COVID-19 Business Grant](#), eligible businesses (including non-employing businesses such as non-employing sole traders) and not-for-profit organisations can apply for a one-off grant of:

- \$7,500 (tier one) where the business has experienced a decline in turnover of 30 per cent to 49 per cent due to the Public Health Orders
- \$10,500 (tier two) where the business has experienced a decline in turnover of 50 per cent to 69 per cent or more due to the Public Health Orders
- \$15,000 (tier three) where the business has experienced a decline in turnover of 70 per cent or more due to the Public Health Orders.

Applications **close at 11:59pm on 13 September 2021**.

Click [here](#) to begin the application.

## ELIGIBILITY CRITERIA

- have an Australian Business Number (ABN) and were operating in New South Wales as at 1 June 2021
- be registered for GST as at 1 June 2021
- have total annual Australian wages of \$10 million or less as at 1 July 2020
- had an aggregated annual turnover between \$75,000 and \$50 million (inclusive) for the year ended 30 June 2020 (businesses with annual turnover between \$30,000 and \$75,000 can apply for the [COVID-19 micro-business grant](#) or the [COVID-19 disaster payment](#))
- have business costs for which there is no other government support available
- have experienced a decline in turnover of 30 per cent or more due to the Public Health Orders over a minimum two-week period from 26 June 2021 to 17 July 2021 (the business' lowest fortnightly turnover in that period) compared to the same period in June and/or July 2019
- maintain their employee headcount as at 13 July 2021 for the period for which the business is receiving payments under this Grant and the JobSaver scheme.

## EVIDENCE REQUIRED TO SUPPORT APPLICATION

In addition to an accountant's letter (where required – see below), applicants are required to:

- declare they have eligible expenses for which no other government support is available. For example, the Grant cannot be used to pay government fees and charges that would be covered by the [\\$1500 small business fees and charges rebate](#). Applicants are not required to provide evidence of costs on application (e.g. invoices) but will need to keep evidence of costs for a possible future audit;
- declare their employee headcount at 13 July 2021



- declare they will maintain their employee headcount at the 13 July 2021 level for the period for which the business is receiving payments under this Grant and the JobSaver scheme. Employers will be taken to have maintained their headcount if:
  - they stand down employees or reduce their hours, as long as their employment is not terminated (employees in such circumstances may be eligible to apply for the [COVID-19 Disaster Payment](#))
  - employees leave for reasons outside of the employer’s control including resignation)
- provide details of their qualified accountant, registered tax agent or registered BAS agent for possible compliance checking (where an ‘accountant’s letter’ is not required – see below)
- if an ‘accountant’s letter’ is not required (see below), declare they have experienced a decline in turnover of 30 per cent or more due to the Public Health Orders over a minimum two-week period from 26 June 2021 to 17 July 2021 (the business’ lowest fortnightly turnover in that period) compared to the same period in June and/or July 2019
- submit an income tax return (or Notice of Assessment) or other documentation to demonstrate their business had an aggregated annual turnover of between \$75,000 and \$50 million (inclusive) for the year ended 30 June 2020
- lodge other supporting documents as required to demonstrate that they meet the eligibility criteria.

## WHEN IS AN ACCOUNTANT’S LETTER REQUIRED AS PART OF THE GRANT APPLICATION?

	Decline in turnover	Accountant’s letter required	Grant amount
<b>Eligible business on the <a href="#">highly impacted industry list</a>:</b>	With a decline in turnover of 30 per cent to 49 per cent	<b>NO</b>	<b>\$7500</b>
	With a decline in turnover of 50 per cent or more*	<b>NO</b>	<b>\$10,500</b>
	With a decline in turnover of 70 per cent or more*	<b>YES</b>	<b>\$15,000</b>
<b>Eligible business outside the <a href="#">highly impacted industry list</a></b>	With a decline in turnover of 30 per cent to 49 per cent	<b>YES</b>	<b>\$7500</b>
	With a decline in turnover of 50 per cent to 69 per cent	<b>YES</b>	<b>\$10,500</b>
	With a decline in turnover of 70 per cent or more	<b>YES</b>	<b>\$15,000</b>

\* An eligible business on the [highly impacted industry list](#) with a decline in turnover of 70 per cent or more that does not submit an ‘accountants letter’ will qualify for a grant of \$10,500. If they submit an accountant’s letter, they will receive the full amount of \$15,000.

### Accountant’s letter template

An ‘accountant’s letter’ is the evidence necessary for certain applicants to show the required decline in turnover. The accountant’s letter template can be found [here](#).

## Who can sign an accountant's letter template?

- a qualified accountant as defined in the Corporations Act 2001
- a registered tax agent; or
- a registered BAS agent as defined under the Tax Services Act 2009.

### who is **not**:

- an employee or director of the applicant;
- an associated entity of the applicant; or
- a director or employee of an associated entity of the applicant.

A 'qualified accountant' is a person that belongs to one of the following professional bodies at the declared membership classification, and comply with their body's continuing professional education requirements.

Professional body	Membership status
CPA Australia	CPA And FCPA
Chartered Accountants Australia and New Zealand	CA, ACA and FCA
Institute of Public Accountants	AIPA, MIPA and FIPA

## Reasonable care in signing an accountant's letter

The following words on signing an accountant's letter are provided by FentonGreen:

*We refer you to the recent NSW Government initiative wherein they are asking CPA's to complete a declaration which is to be sent to Services NSW as part of your client's application for this grant. With any declaration you are ultimately asked by your client to complete there is an element of risk which rests with you. In this case you are asked to determine from your client's documentation whether they are eligible – that is their turnover has declined by at least 30 per cent over the reference period. The risk here lies with the documentation that is provided to you and your ability to interpret it.*

*These are difficult times for your clients and they must be aware of their obligations under this Support Scheme. The better informed your clients are the lower is your risk profile.*

When assisting your clients, we strongly recommend that you exercise your professional judgment and perform fact-checks on the information that your clients provide, not just accepting your client's word for it.

As per the accountant's letter template, you are not expected to perform an audit / assurance engagement to verify the reliability, accuracy, or completeness of the information provided by the clients, however we recommend that you sense check the information and ensure the client has reasonable grounds and evidence to support their claim.

You should also inform your clients of their obligations, amongst other things, to keep complete and accurate documentation to support their eligibility and that they may be subject to an audit by Services NSW.

## CALCULATING DECLINE IN TURNOVER

The entity must have experienced the required decline in turnover over a minimum two-week period from 26 June 2021 to 17 July 2021 compared to the same period in **June and/or July 2019**.

For Southern Border businesses the turnover period is from 27 May 2021 to 17 July 2021 compared to the same period in **May and/or June and/or July 2019**.

The GST definition of turnover will be used to calculate whether an applicant experienced a 30 per cent or more decline in **national** turnover. We recommend you use the same accounting method as you use for BAS.

GST turnover is your total business income (not your profit), minus:

- GST included in sales to your customers
- sales that aren't for payment and aren't taxable

- sales not connected with an enterprise you run
- input-taxed sales you make
- sales not connected with Australia.

It is important to note that GST turnover includes GST-free supplies and supplies that would be taxable if registered.

For more detail on working out your GST turnover, see this [guidance](#) from the ATO and [GSTR 2001/7](#).

### Decline in turnover calculation template

What was your business' <u>lowest</u> fortnightly turnover between 26 June and 17 July 2021 inclusive	<i>[insert dates used]</i>	<i>[insert turnover]</i>
What was your business' turnover for the same period in June and/or July 2019?	<i>[insert dates used]</i>	<i>[insert turnover]</i>
Decline in turnover (%)		<i>[insert decline in turnover %]</i>

## CALCULATING 'TOTAL ANNUAL AUSTRALIAN WAGES

Total Australian wages uses the same definition for [NSW Payroll Tax](#).

Businesses already grouped by Revenue NSW should apply these rules. Businesses not already grouped should apply the [ownership grouping provisions](#) set out in the New South Wales *Payroll Tax Act*.

## CALCULATING AGGREGATED ANNUAL TURNOVER

The grant uses the [income tax concept of aggregated annual turnover](#).

Your annual turnover is therefore the total ordinary income you derive in an income year in the ordinary course of carrying on a business. This includes income on a worldwide basis. According to the ATO, JobKeeper payments are not included in turnover.

Aggregated turnover is generally your annual turnover plus the annual turnover of any business:

- connected with you, or
- that is your affiliate.

If your business is a company, your aggregated turnover includes your annual turnover, plus the annual turnover of all the entities that are connected or affiliated with your company. These connected or affiliated entities may be based in Australia or overseas.

If your business operates through a trust, you will be required to provide additional information to demonstrate an aggregated annual turnover of \$75,000 or more is derived through the trust, as opposed to a business linked to a trust.

The ATO provides [guidance](#) on working out your aggregated turnover.

## ALTERNATIVE CIRCUMSTANCES

### Entities registered outside of NSW

Entities operating in NSW with their ABN registered elsewhere **should contact Service NSW**. They will be able to apply if they can provide evidence their business was operating in New South Wales as at 1 June 2021.

The primary evidence is a commercial rates notices or lease agreements. Where a rates notice or lease agreement is not available, Service NSW may accept a combination of the following:

- utility bills
- insurance papers
- supply invoices



- registration papers
- contractor licences.

### **Businesses not established in June/ July 2019 or do not meet the tests for other reasons**

Businesses that cannot demonstrate the minimum \$75,000 aggregated annual turnover or the minimum decline in turnover **should contact Service NSW** as they may still be eligible to apply if they:

- were not operating for the full year to 30 June 2020 (e.g. they are a new business) but can demonstrate income consistent with \$75,000 per annum over a shorter period prior to 26 June 2021, and they can demonstrate they have been significantly impacted by the Public Health Orders, or
- their turnover in June/July 2019 was not representative of their usual or average turnover (e.g. due to drought or bushfires) which is usually \$75,000 per annum or more, and they can demonstrate they have been significantly impacted by the Public Health Orders.

Where a business does not submit a BAS to the ATO, the business **should contact Service NSW** to discuss further.

Where a business operates through a trust structure, the applicant will be required to provide additional information to demonstrate an aggregated annual turnover of \$75,000 or more is derived through the trust, as opposed to a business linked to a trust.

### **Entities not eligible include:**

- the entity is a company in liquidation or provisional liquidation
- the entity is an individual who has entered bankruptcy
- the entity primarily earns passive income (rents, interest, or dividends)
- business in receipt of the Commonwealth's Covid-19 disaster payment.

## **MORE INFORMATION**

<https://www.service.nsw.gov.au/transaction/2021-covid-19-business-grant>

Information on other support for NSW businesses can be found [here](#).

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