

BusinessPlus+ Newsletter

Issue – November 2020

COVID-19 Grants to be Income Tax Free

In a major change to government policies the Federal government has introduced legislation into parliament that provides for small and medium size business grants, announced on or after 13th September 2020, to be non-assessable, non-exempt income.

Normally, income received by a taxpayer from a government grant is included as assessable income for the recipient.

This change will apply to certain grant programs administered by a State or Territory governments where payments will be treated as non-assessable, non-exempt income so that these payments are not subject to income tax levied by the Commonwealth government.

This grant exemption will only apply to entities with aggregated turnover of less than \$50 million per annum.

To be eligible, a business must have received a payment that was made under a Grant program, that is declared by the responsible Cabinet Minister to be eligible for this dispensation and is, in effect, responding to the economic impacts of the COVID-19 coronavirus pandemic.

To be eligible the grant program, from which the payment is made, must first be publicly announced on or after 13th September 2020 and directed at supporting businesses, subject to certain restrictions regarding their operations.

The legislation has been introduced to the House of Representatives but has not yet been passed by both Houses of Parliament. If you have any questions regarding the proposed legislation, please do not hesitate to contact the accountant in our organisation with whom you normally deal.

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