Support for individuals, employees and businesses

Access information about a range of supports we provide if you have been affected by COVID-19.

COVID-19 support: quick tax guide

A guide to COVID-19 support payments that were available to individuals and business and whether they were taxable.

How government payments received due to COVID-19 affect your tax

COVID-19 government payment information for the 2019–20, 2020–21, 2021–22 and 2022–23 financial years.

Eligible COVID-19 business grants and support programs

Work out if you need to pay tax on a COVID-19 business grant or support program you received.

Residency and source of income

COVID-19 related guidance related to issues of tax residency and source of income.

JobKeeper Payment

The JobKeeper Payment was a COVID support measure administered by the ATO.

JobMaker Hiring Credit scheme

Key points about the COVID-19 support measure for eligible employers.

Protective items equipment and products

Deductions for items that protect you from the real and likely risk of illness or injury while working.

QC 62026

COVID-19 support: quick tax guide

A guide to COVID-19 support payments that were available to individuals and business and whether they were taxable.

Last updated 9 April 2026

Individuals

Table 1: Support payments for individuals

Support	For	Taxable	Next steps
High-Risk Settings Pandemic Payment	Eligible individuals unable to earn income due to COVID-19 that	Yes	Check the amount you received. **Manually** include as

	work in a high-risk setting.		assessable income in your tax return.
COVID-19 Disaster Payment **Closed**	Individuals unable to earn income because state or territory health orders prevent them from working in their usual employment.	No	**Don't include** in your tax return.
Pandemic Leave Disaster Payment **Closed**	Eligible individuals unable to earn income because they: • self-isolated or quarantined at home • cared for someone with COVID-19.	Yes	Check the amount you received. **Manually** include as assessable income in your tax return.
JobKeeper **Closed**	Employees of eligible businesses and not-for-profits significantly affected by COVID-19 that received an amount of JobKeeper.	Yes	**include** as assessable income in your tax return at either 'salary or wages' or as an 'allowance' (or top up) for employees.

Business

Table 2: Supports for businesses

Support	For	Taxable	Next steps

Recovery loans to support businesses	Eligible applicants	No	**Don't include** as 'business income' in your tax return.
JobMaker Hiring Credit **Closed**	Eligible employers	Yes	**Include** as 'business income' in your tax return. GST doesn't apply.
Payments to support businesses affected by COVID-19 (for example the NSW 2021 COVID-19 JobSaver payment)	Eligible businesses affected by COVID-19	Read more	Payments are taxable, unless eligibility criteria are met that will cause the payment to be non-taxable. GST doesn't apply.
State government voucher subsidy scheme	Participating businesses affected by COVID-19	Yes	**Include** as 'business income' in your tax return. GST reporting does apply.
Payroll tax relief	Eligible businesses	Read more	There are a range of factors you will need to consider, see Payroll tax relief.

Land tax relief	Businesses provided land tax relief in states and territories impacted by COVID-19	Read more	There are a range of factors you will need to consider, see Land tax relief.
Rent relief	Commercial tenants in government-owned properties in some states and territories	Read more	There are a range of factors you will need to consider, see Rent relief.
Electricity rebates	Businesses offered the rebate	No	**Don't include** as 'business income' in your tax return. Reduce your deductions for electricity by the rebate amount.
Grants to support the creative economy	Eligible organisations in the arts sector	Yes	**Include** as assessable income in your tax return. GST doesn't apply.
Concessional loans to support the creative economy	Eligible organisations in the arts sector	No	**Don't include** this loan as assessable income in your tax return.

			GST doesn't apply.
Cash flow boost	Eligible small and medium businesses and not-for-profits	No	**Don't include** in your tax return.
JobKeeper **Closed** on 28 March 2021	Eligible businesses, sole traders and not-for-profits significantly affected by COVID-19	Yes	**Include** as 'business income' in your tax return.
Child care Transition Payment **Closed** on 27 September 2020	Approved early childhood education and care providers for 13 July 2020 to 27 September 2020	Yes	**Include** as 'business income' in your tax return. The payment is for a GST-free supply.
Consumer Travel Support Program Applications **closed** 13 March 2021	Eligible travel agents and tour arrangement service providers	Yes	**Include** as 'business income' in your tax return. GST doesn't apply.

QC 66891

How government payments received due to COVID-19 affect

your tax

COVID-19 government payment information for the 2019–20, 2020–21, 2021–22 and 2022–23 financial years.

Last updated 9 April 2026

Tax on government payments

If you or your business received government payments due to the impact of COVID-19, they may affect your tax.

Different government payments have different effects on your tax. Depending on the payment you receive:

- amounts may be taxable or not taxable (non-assessable, non-exempt income or NANE)
- amounts may need to be included in your tax return
- you may claim a deduction for business expenses related to grants that are NANE
- there may be goods and services tax (GST) implications.

High-Risk Settings Pandemic Payment

The High-Risk Settings Pandemic Payment is no longer available.

The Australian Government provided this support for individuals who had tested positive for COVID-19 and couldn't earn income because they worked in a high-risk setting.

This was a taxable payment that needs to be reported in your tax return for the income year you received it.

You can check how much you received by looking in the **Payment history** section of your Centrelink online account. For more information, go to Payments that don't show on your Centrelink payment summary.

Enter the amount you received at either:

- **Australian Government special payments**, if you lodge online using myTax

- **Question 24 Other income**, if you lodge by paper
- **Question 24V** if you're a registered tax professional. Alternatively, type the 'Income Details schedule' in the **Australian Government benefit taxable amount** (INCDTLS128) field or select **Special** at the **Australian Government benefit type** (INCDTLS126) field.

Pandemic Leave Disaster Payment

The Pandemic Leave Disaster Payment is no longer available.

The Australian Government provided this support for individuals who couldn't earn income because they:

- had to self-isolate or quarantine at home
- cared for someone with COVID-19.

This was a taxable payment that needs to be reported in your tax return for the income year you received it.

You can check how much you received by looking in the **Payment history** section of your Centrelink online account. For more information, go to Payments that don't show on your Centrelink payment summary.

Enter the amount you received at either:

- **Australian Government special payments**, if you lodge online using myTax
- **Question 24 Other income**, if you lodge by paper
- **Question 24V** if you're a registered tax professional. Alternatively, type the 'Income Details schedule' in the **Australian Government benefit taxable amount** (INCDTLS128) field or select **Special** at the **Australian Government benefit type** (INCDTLS126) field.

COVID-19 Disaster Payments

The COVID-19 Disaster Payment is no longer available.

The Australian Government provided this support to eligible individuals who were unable to earn income because state or territory health orders prevented them from working in their usual employment.

The COVID-19 Disaster Payment was re-classified as non-assessable, non-exempt income (NANE) income. This means it:

- is a non-taxable payment
- doesn't need to be included in your tax return.

If you have already lodged your tax return and included the payment as assessable income, amend your return as these payments are no longer taxable.

Your amended taxable income will be provided to Services Australia for assessment for family assistance and child support purposes.

JobKeeper

The JobKeeper Payment scheme ended on 28 March 2021.

JobMaker Hiring Credit

The final JobMaker period of the JobMaker Hiring Credit scheme ended on 6 October 2022.

Claims for eligible employees who were employed during this period needed to be made before 31 January 2023. Single touch payroll (STP) reporting for the period was due on 28 January 2023.

Cash flow boost

You don’t pay tax on cash flow boost credits you received (as they are NANE income) but you may need to report them depending on your business structure.

Cash flow boost credits don't need to be included in your tax return. However, if you have included the amounts in your **gross income for accounting purposes**, you can include it in your tax return at:

- Item **P8** as 'Other business income' and as an income subtraction reconciliation amount in the individual tax return for sole traders
- Item **5** as 'Other business income' and as an income subtraction reconciliation amount for partnership and trust tax returns
- Item **6R** 'Other gross income' and Item **7Q** 'Other income not included in assessable income' for company tax returns.

If you claim the research and development (R&D) tax offset, your claim is not affected by any cash flow boost you receive.

For more information, see:

- Individuals – Business and professional items 2021
- Partnership tax return instructions 2021 – assessable government industry payments
- Trust tax return instructions 2021 – assessable government industry payments
- Company tax return instructions 2021 – assessable government industry payments
- R&D tax incentive – clawback adjustment

Payments to support businesses

Income tax

Generally, grants or support payments from the government are taxable and need to be included as assessable income in your tax return, unless they are specifically made non-taxable. This includes help provided as a one-off lump sum or a series of payments.

If a government COVID-19 support payment or grant you received has been made non-assessable, non-exempt income (NANE) it is non-taxable.

For businesses operating on:

- an accruals accounting method – the income will be derived when the right to the government payment arises
- a cash accounting method – the income will be derived when the government payment is received.

You don't need to pay GST on cash payments received under state government business support, lockdown assistance or support packages.

Taxable government grants – examples

Here are some examples showing the potential effect on your tax for business support payments that are taxable and have **not** been made NANE income.

Example: cash payment for running a business

Boris operates a local café which employs 5 full-time and 10 casual workers. His business is registered for GST. As a result of COVID-19, the café closed for 2 months and operates at reduced capacity for another 2 months after re-opening.

The state government provided a $10,000 cash payment to businesses like Boris's to help them cope with the impacts of COVID-19. The payment was not NANE income and is taxable. Eligibility for the grant included Boris verifying that he carried on a business and was eligible for JobKeeper.

Boris applied for and received the $10,000 payment. He spends this on paying outstanding utility bills for the café, replacing stock and deep cleaning the premises so he can reopen.

Effect on income tax

In his 2020 tax return, Boris:

- includes the $10,000 payment from government as assessable income
- includes the stock expenses in his trading stock calculation
- claims the utility bills and cleaning expenses as a deduction.

GST implications

The payment is made to provide financial support to ease the pressures faced by small business impacted by COVID-19. The café only needs to meet eligibility requirements as outlined in the funding application.

Boris isn't providing anything of value to the state government in return for the payment. Therefore, he doesn't have to pay GST on the cash payment he receives.

Example: cash payment to purchase trading stock

The situation is the same as in the previous example, except Boris spends the $10,000 payment on replacing trading stock which was discarded when he had to close the café as a result of COVID-19.

Effect on income tax

In his 2020 tax return, Boris includes the $10,000 payment from the government as assessable income.

Boris will include the $10,000 (GST-exclusive) stock purchased in his trading stock calculation. He didn't take any items out of trading stock for private purposes during the year. Boris's trading stock account records for the 2019–20 financial year will include the following entries:

- opening trading stock $35,000
  - add purchases $82,000 (including the $10,000)
  - less sales ($75,000)
  - less waste ($8,000)
- closing trading stock $34,000.

GST implications

The payment is made to provide financial support to ease the pressures faced by small businesses impacted by COVID-19. The café only needs to meet eligibility requirements as outlined in the funding application.

Boris isn't providing anything of value to the government in return for the payment. Therefore, he doesn't have to pay GST on the cash payment he receives.

For more information, see:

- Business tax deductions
- Instant asset write-off for eligible businesses.

Tax on government COVID-19 support payments

A government COVID-19 business grant or support program payment you receive will only be non-taxable (NANE) income if you meet the following 3 criteria:

- The payment is received under a state or territory grant or Australian Government support program that is formally declared by the Minister under a legislative instrument to be eligible for NANE treatment.

- You carried on a business and have an aggregated turnover of less than $50 million in either the income year the payment was received or the previous income year.
- The payment was received in either the
  - 2020–21 or 2021–22 financial year for eligible state or territory grants
  - 2021–22 financial year for eligible Australian Government programs.

If the payment is not NANE income, it will:

- be assessable as ordinary income of the business
- should be declared as income in your tax return.

If the business is also registered for PAYG instalments, it should be reported at label **T1** of the BAS.

If you have already lodged

If you included the payment as assessable income when you lodged your 2020–21 tax return, you should amend your return because this is an eligible non-taxable payment. You may get a refund.

You can amend your tax return online through myGov or your registered tax agent. You can also lodge an amendment form or send a letter. Your amended taxable income will be provided to Services Australia for assessment for family assistance and child support purposes.

GST

You don't need to pay GST on cash payments received under state government business support or lockdown assistance or support packages. This is because you did not provide anything of value to the state government and therefore you haven't made a taxable supply. You only need to meet the eligibility requirements as outlined in the funding application.

Example: receiving a grant eligible for NANE income

Fresh Brew is a small business operating a café in Victoria.

Fresh Brew received an eligible grant payment under the Business Costs Assistance Program Round 2 for the 2020–21 financial year. This package was part of the Victorian Government's response to the economic impacts of COVID-19. The Minister declared the Business Costs Assistance Program Round 2 as a grant program that is eligible for NANE income.

In the 2020–21 financial year, Fresh Brew self-assessed and identified that they had an aggregated turnover of less than $50 million in the income year the payment was received.

Effect on income tax

As Fresh Brew received an eligible grant payment in the 2020–21 financial year and they were a business with less than $50 million in aggregated turnover, they didn't need to include the grant in their business income.

GST implications

The payment is made to provide financial support to ease the pressures faced by small businesses impacted by COVID-19. Fresh Brew only needs to meet eligibility requirements as outlined in the funding application.

Fresh Brew wasn't providing anything of value to the state government in return for the payment. Therefore, it doesn't have to pay GST on the grant payment it received.

For more information, see:

- GST and grants
- Calculate your aggregated turnover.

Deductions for expenses incurred by businesses receiving non-taxable government grants

While carrying on a business, you may incur one or more expenses that are related to getting a government grant that is non-taxable. Such expenses may include:

- costs associated with the application process
- expenses incurred to satisfy an eligibility requirement of the grant.

In some cases, you may not be able to claim a tax deduction for some or all of an expense that is related to the grant. In other cases, you will be able to claim a tax deduction for the whole expense.

Expenses incurred by a business solely to get a non-taxable government grant

You can't claim a tax deduction for these expenses.

> **Example: expense incurred solely to get a non-taxable government grant**
>
> Flame Pty Ltd engages a bookkeeper to apply for a non-taxable government grant on their behalf.
>
> The bookkeeper provides no other service to Flame Pty Ltd and gives them an invoice for a fee solely for applying for the grant on their behalf.
>
> Flame Pty Ltd can't claim a tax deduction for this fee.

Expenses incurred by a business both to gain assessable income and to get a non-taxable government grant

You can only claim a tax deduction for the **part** of these expenses that relates to gaining your assessable income. You can't claim a tax deduction for the part that relates to getting the non-taxable government grant.

There is no set way to work out the part of the expense that relates to each purpose, but the way you work it out should be fair and reasonable. You should keep a record of how you work it out.

> **Example: expenses incurred to gain assessable income and to get a non-taxable government grant**
>
> Flame Pty Ltd is eligible to receive a government grant that is non-taxable.
>
> Flame Pty Ltd asks their accountant to apply for this grant on their behalf. Their accountant does not separately bill Flame Pty Ltd for this service, but itemises the fee charged for applying for the grant in a quarterly bill that they give to Flame Pty Ltd for professional services provided over the quarter.

Flame Pty Ltd can't claim a deduction for this part of the bill.

Expenses that you would usually incur in the ordinary course of carrying on your business, but are incidentally related to getting a non-taxable government grant

You can claim a tax deduction for the **whole** of these expenses.

Getting a government grant is considered:

- incidentally related if the expense is one that relates to the whole of your business and is of a kind you would usually incur
- not incidentally related if the expense is not one that you usually incur and is a pre-condition of being eligible for the grant.

Example: expenses incidentally related to getting a non-taxable government grant

Flame Pty Ltd is eligible for a non-taxable government grant if they keep their staff on the payroll.

Flame Pty Ltd uses the grant to pay for wages, rent and utilities that they would usually incur in carrying on its business.

Flame Pty Ltd can claim a deduction for the wages, rent and utilities paid.

If you act in good faith and make a fair and reasonable attempt to work out if you are entitled to a deduction for an expense related to a government grant that is not taxable, we will generally not apply compliance resources to confirm if the expense is deductible.

For more information, see Business tax deductions.

State government voucher subsidy scheme

Some state governments offered a voucher subsidy scheme to encourage eligible customers to purchase goods and services from businesses impacted by COVID-19.

Vouchers were issued to eligible customers who apply. These vouchers represent the maximum amount the state government will contribute towards eligible purchases from participating businesses.

Under those schemes, eligible purchases **may** have included the following:

- eating in at restaurants, cafes, bars, pubs and clubs
- entertainment and recreation, cultural institutions, live music, and arts venues
- accommodation.

Income tax

A government payment to assist a business to continue operating is included in its assessable income. This will include assistance provided as a one-off lump sum or as a series of payments.

For businesses operating on:

- an accruals accounting method, the income was derived when the right to the government payment arises
- a cash accounting method, the income was derived when the government payment is received.

GST

A GST registered participating business needed to report GST on the total amount of payments received. This includes:

- the amount from the customer making the eligible purchase
- the amount the state government contributed towards the eligible purchase.

Example: Voucher subsidy scheme

Boris operated a local café which was a participating business impacted by COVID-19. Meals served to customers and eaten on the premises were 'eligible purchases' under the state government voucher scheme.

Fred and Kathy were each issued with a $25 voucher by the state government. On 24 March 2021, they separately ordered meals at the cafe. Their purchases were unrelated to any business that they may carry on.

Fred ordered a $33 meal (including $3 GST). Kathy ordered a $22 meal (including $2 GST). Fred presented his $25 voucher and $8 cash to pay for his meal. Kathy presents the $25 voucher as payment for her meal. Kathy is not given a $3 refund. The unused portion of the voucher can't be used on a future occasion or redeemed by the business.

Boris electronically verified on the spot that the vouchers were valid. At the same time, he submitted a request to the state government for payment.

Within 5 days Boris received $47 from the state government voucher scheme. This represents $25 as a contribution towards Fred’s meal and $22 for payment of Kathy’s meal.

Effect on income tax

In his 2021 tax return, Boris included $50 as assessable income, which is the GST-exclusive amount of Fred and Kathy's meals.

This is no effect on Fred and Kathy's income tax.

GST implications

Boris needed to report total taxable sales of $55 (for Fred's $33 meal and Kathy's $22 meal).

If Boris is reporting on an accruals' basis, Fred and Kathy's meals would be included in total taxable sales for the period ended 31 March 2021.

However, if Boris’ GST reporting method is on a cash basis, and the payment of $47 from the state government voucher scheme is delayed and received on or after 1 April 2021, then Boris would need to report as follows:

- for the period ending 31 March 2021
  - $8 payment received from Fred included in total taxable sales
  - $0.73 GST (one-eleventh of $8.00)
- for the period ending 30 June 2021
  - $47 payment received from the state government

- $4.27 GST (one-eleventh of $47.00).

There are no GST implications for Fred and Kathy.

Payroll tax relief

Some states and territories offered support such as increased thresholds, waivers, and interest-free deferrals of payroll tax. The tax consequences of receiving this support will depend on how it was delivered.

Where payroll tax relief was provided as:

- no payroll tax payable – the business will have a smaller allowable deduction in their tax return
- a refund of the payroll tax paid – the allowable deduction for payroll tax will be reduced by the amount of any refunds given.

There are no GST consequences on payroll tax relief provided by state and territory governments to small businesses.

Example: payroll tax relief

Abi operates a hairdressing salon. The state government introduced payroll tax relief for all small businesses to help them cope with the impacts of COVID-19. The relief was delivered as no payroll tax payable for the quarter April to June 2020.

As Abi received the payroll tax relief, she has a smaller allowable deduction in her 2020 tax return.

Example: payroll tax refund

Evan operates a backhoe and machinery hire business. The state government introduced payroll tax relief for all small businesses to help them cope with the impacts of COVID-19. The relief was delivered as:

- a refund of the payroll tax paid for the quarter January to March 2020

- no payroll tax for the quarter April to June 2020.

Evan paid payroll tax of:

- $50,000 for 1 July to 31 December 2019
- $25,000 for 1 January to 31 March 2020
- $0 for 1 April to 30 June 2020.

Evan received a payroll tax refund of $25,000 before 30 June 2020.

Evan's allowable deduction for payroll tax in his 2020 tax return was $50,000 ($75,000 paid less the $25,000 refund).

There are no GST consequences on the payroll tax relief he receives.

Land tax relief

Some states and territories provided land tax relief to businesses impacted by COVID-19. The types of land tax relief offered included:

- credits
- deferrals
- rebates
- reductions
- refunds
- waivers.

The eligibility criteria for many of the programs required landlords to have provided rent relief to their business tenants.

The taxation consequences of receiving land tax relief depend on its delivery.

Example: land tax reduction

Farisha owns a small block of 3 shops and is registered for GST. Her tenants were significantly impacted by COVID-19. Farisha reduced the rent for each of her tenants by 50% for the April to June 2020 quarter.

Farisha applied to her territory government for a 50% land tax reduction for the April to June 2020 quarter. This was approved before June 2020.

Effect on income tax

Because Farisha received the land tax reduction, she had a smaller allowable deduction in her 2020 tax return.

GST implications

Farisha didn't have to pay GST for receiving the land tax relief. It was not a reduction in response to a supply by her to the government.

The GST payable by Farisha on the rent received for the April to June 2020 quarter is reduced in proportion to the rent reduction she gave her tenants.

Example: land tax refund

Gianna owns a block of 10 shops. Two shops have been vacant since 1 March 2020. Her tenants were significantly impacted by COVID-19. Gianna reduced the rent for each of her tenants by 25% for the April to June 2020 quarter.

As a result of COVID-19, Gianna was unable to find tenants for her 2 vacant shops.

Gianna paid her land tax of $50,000 for the 2019–20 year on 1 April 2020. She applied to her state government for a land tax refund of $10,000, which she received before June 2020.

Effect on income tax

Because Gianna received the land tax refund, she had a smaller allowable deduction for land tax of $40,000 in her 2020 tax return.

GST implications

Gianna doesn't have to pay GST on the land tax relief. It was not a reduction in response to a supply by her to the government.

The GST payable by Gianna on the rent received for the April to June 2020 quarter was reduced in proportion to the rent reduction she gave her tenants.

Electricity rebates

Some states and territories offered households and some businesses automatic electricity rebates.

These rebates are not included in assessable income.

For a business, the rebate will reduce the deduction the business can claim for electricity.

For businesses registered for GST, their entitlement to GST credits is reduced in proportion to the rebate.

Example: household electricity rebate

Duncan is a householder. His electricity supplier provided a rebate of $150 to all householders in recognition of the impacts of COVID-19. The rebate was delivered as a $150 reduction in electricity accounts for the quarter April to June 2020.

Duncan did not need to include the $150 rebate as assessable income in his 2020 tax return.

Rent relief

Some states and territories offer support such as waivers or rent reductions (or both) for commercial tenants in government-owned properties.

Example: government-owned building

Hamish operates a gym in a government-owned building. The state government introduced rent relief for small businesses with less than 20 employees to help them cope with the impacts of COVID-19. Hamish received the rent relief, which is delivered as a

25% reduction in his monthly rent, for the quarter April to June 2020.

Effect on income tax

Because Hamish received the rent relief, he has a smaller allowable deduction in his 2020 tax return.

GST implications

If Hamish is registered for GST, his entitlement to GST credits were reduced in proportion to the rent reduction.

For more information see:

- Commercial rent or lease payment changes
- Assessable income for business.

Payments to support the creative economy

On 25 June 2020, the Australian Government announced a comprehensive COVID-19 Creative Economy Support Package. This was to support artists and organisations to get back in business following the disruptions caused by COVID-19. A range of new grant and loan programs were announced for different parts of the arts sector.

Example: cash payment

Josh runs an event management business. He had to cancel a music festival organised for April 2020 due to COVID-19.

As social distancing and border restrictions ease, Josh applied to the Australian Government for a grant through the Restart Investment to Sustain and Expand (RISE) fund. He planned to run the music festival in March 2021. The RISE program provided finance to assist the presentation of new or re-shaped cultural and creative activities and events.

To be eligible, Josh needed to:

- provide a co-contribution for the activity

- have an Australian business number (ABN)
- be registered for GST.

Josh doesn't enter into an agreement with the government to provide the music festival. If Josh chose not to hold the music festival, he was:

- not under a binding legal obligation to go ahead with it
- required to repay the funding he received.

Josh was successful in his application. He received a $200,000 grant on 1 December 2020.

Effect on income tax

In his 2021 tax return, Josh:

- included the $200,000 government payment as assessable income
- claimed a deduction for the costs of running the music festival, including venue and equipment hire, performers and staff.

GST implications

There no GST implications. The payment was made to assist Josh to provide a re-shaped music festival in 2021. Josh only needed to meet the eligibility requirements in the funding application.

He is not providing anything of value to the government in return for the payment. In particular, he is not entering into a binding legal obligation with the government to provide the festival. Therefore, he doesn't have to pay GST on the grant received.

Example: concessional loan

Josiah is the owner and operator of a small theatre. Prior to COVID-19, Josiah’s theatre ran around 6 productions each year, which members of the general public paid to attend. He doesn't employ any full-time staff.

As social distancing and border restrictions ease, Josiah applied through his bank for a concessional Show Starter loan. The loans were designed to assist creative economy businesses to fund new productions and events that stimulate job creation and economic activity. The loans were backed by a 100% Commonwealth guarantee.

Josiah was successful in his application. He received a $150,000 loan on 1 September 2020, with a 4% interest rate.

Effect on income tax

Although any income from his theatre productions was included in Josiah’s 2021 tax return, the concessional loan was not included in assessable income.

In his 2021 tax return, Josiah:

- included income from his theatre productions (but not the loan)
- claimed a deduction for the interest payments on the loan and the costs of the theatre productions (in the usual manner).

GST implications

There are no GST implications. The concessional loan was guaranteed by the Australian Government to support funding of new productions and events and assist Australia’s creative economy businesses.

Josiah only needs to meet eligibility requirements as outlined in the application for the concessional loan. He is not providing anything of value to the government in return for guaranteeing the loan. He doesn't have to pay GST on the loan received.

Child care Transition Payment

The Australian Government implemented measures throughout 2020 to help the early childhood education and care sector manage the impacts of COVID-19. The measures included a Transition Payment available to approved early childhood education and care providers.

The Transition Payment was made instead of JobKeeper Payment for workers of these providers. It was paid for the period 13 July 2020 to

27 September 2020 (the transition period).

The Transition Payment was paid as a grant under the Community Child Care Fund. It was to support providers to return to the Child Care Subsidy.

For more information, see [COVID-19 information for the early childhood education and care sector](#).

Income tax

A government payment to help a child care business to continue operating needed to be included in the business's assessable income (See [Payments to support businesses](#)).

GST

The Transition Payment was a payment for a supply. However, the payment was for a GST-free supply. It is directly related to the supply of GST-free child care. This means that child care providers don't have to pay GST on the Transition Payment they received.

Example: Transition Payment

Penny is an approved provider of a child care service that she operates in the western suburbs of Sydney. Penny also runs a nanny service (not approved child care). She has 20 employees and 15 are employed principally in the operation of approved child care. Five are principally employed in nanny services.

Penny applied for and started receiving the Transition Payment from 13 July 2020. From 20 July 2020, she agreed to stop claiming JobKeeper payments for her 15 child care employees and for herself as a business participant.

Effect on income tax

In her 2021 tax return, Penny:

- included the Transition Payment as assessable income
- claimed business operating expenses as a deduction, in the usual manner.

GST implications

Penny doesn't have to pay GST on the Transition Payment she receives. The Transition Payment is a payment for a GST-free supply. It is directly related to the supply of GST-free childcare.

Consumer Travel Support Program

The COVID-19 Consumer Travel Support Program was administered by Services Australia on behalf of Austrade.

The program assisted travel agents and tour arrangement service providers to:

- continue to trade
- meet their legal obligations to process refunds and credits to Australian consumers who were unable to travel due to COVID-19.

Applications were open from 14 December 2020 to 13 March 2021.

If eligible, a provider received a one-off grant during the 2020–21 financial year. The payments were between $1,500 and $100,000, depending on the business' annual GST turnover in the 2019 calendar year.

Eligible businesses weren't required to prove how they spend the payment.

Income tax

The government grant to assist a travel agent or tour arrangement service provider business needs to be included in the business's assessable income. For more information, see Payments to support businesses.

GST

Grants under the Consumer Travel Support Program aren't subject to GST as you didn't provide something of value in return for the payment.

Example: Consumer Travel Support program

Kimberley Extreme Adventures operated as a tour arrangement service provider until the announcement of the closure of international borders by the Prime Minister of Australia on 19 March 2020.

Kimberley Extreme Adventures had lodged its tax return for the 2018–19 income year and satisfied the other eligibility criteria for the grant.

Kimberley Extreme Adventures lodged an online application with Services Australia. Its annual GST turnover for the 2019 calendar year was $250,000 and it was entitled to a $6,500 Travel Support grant.

The grant of $6,500 was received in their bank account on 1 April 2021.

Effect on income tax

In its 2021 tax return, Kimberley Extreme Adventures:

- included the Travel Support grant as assessable income
- claimed business operating expenses as a deduction, in the usual manner.

GST implications

Kimberley Extreme Adventures doesn't have to pay GST on the grant they received. The payment was made to provide financial support to ease the pressures faced by travel agent and tour arrangement service provider businesses impacted by COVID-19.

The business only needed to meet the eligibility requirements outlined in the application. Kimberley Extreme Adventures did not providing anything of value to the government in return for the grant.

QC 63381

Eligible COVID-19 business grants and support programs

Work out if you need to pay tax on a COVID-19 business grant or support program you received.

Last updated 9 April 2026

Eligibility criteria

A COVID-19 business grant or support program payment you received from the government will not be taxable if you meet the following 3 essential criteria:

- The payment was received under a state or territory grant, or Australian Government support program that is formally declared by the minister (under a legislative instrument) to be treated as non-assessable non-exempt (NANE) income (see List of eligible grants and support programs).
- You carried on a business and had an aggregated turnover of less than $50 million in either the income year the payment was received or the previous income year.
- The payment was received in either the
  - 2020–21 or 2021–22 financial year for eligible state or territory grants
  - 2021–22 financial year for eligible Australian Government programs.

You must pay tax on the grant if your grant has not been formally declared as NANE or you don't meet the eligibility criteria (see Exclusions).

List of eligible grants and support programs

There are 2 types of government grant and support programs under which COVID-19 payments to support businesses may be non-taxable (NANE):

- state and territory grants relating to the recovery from COVID-19
- Australian Government support payments established under the COVID-19 Business Assistance Program.

The minister has the power to declare which government COVID-19 business support programs were eligible grants:

- ACT state grants
- NSW state grants
- QLD state grants
- SA state grants
- VIC state grants.

Australian Capital Territory grants

Eligible ACT grants were:

- COVID-19 Business Support Grant
- COVID-19 Small Business Hardship Scheme
- HOMEFRONT 3.

New South Wales grants

Eligible New South Wales grants were:

- 2021 COVID-19 business grant
- 2021 COVID-19 JobSaver payment
- 2021 COVID-19 micro-business grant
- NSW Accommodation Support Grant
- Commercial Landlord Hardship Grant
- NSW Festival Relaunch Package
- NSW Performing Arts COVID Support Package
- NSW Performing Arts Relaunch Package
- 2022 Small Business Support Program.

Queensland grants

The eligible Queensland grants were 2021 COVID-19 Business Support Grants.

South Australian grants

Eligible South Australian grants were:

- COVID-19 Additional Business Support Grant
- COVID-19 Business Hardship Grant
- COVID-19 Business Support Grant – July 2021
- COVID-19 Tourism and Hospitality Support Grant.

Victorian state grants

Eligible Victorian grants were:

- Alpine Business Fund
- Alpine Resorts Support Program (Streams 1, 2 and 3)
- Business Continuity Fund
- Business Costs Assistance Program Round Two
- Business Costs Assistance Program Round Two – July Extension
- Business Costs Assistance Program Round Two – Top Up
- Business Costs Assistance Program Round Three
- Business Costs Assistance Program Round Four
- Business Costs Assistance Program Round Four – Construction
- Business Costs Assistance Program Round Five
- Business Support Fund 3
- Commercial Landlord Hardship Fund 3
- Impacted Public Events Support Program
- Impacted Public Events Support Program Round Two
- Independent Cinema Support Program
- Licensed Hospitality Venue Fund
- Licensed Hospitality Venue Fund 2021
- Licensed Hospitality Venue Fund 2021 – July Extension
- Licensed Hospitality Venue Fund 2021 – Top Up Payments
- Live Performance Support Program

- Live Performance Support Program (Presenters) Round Two
- Live Performance Support Program (Suppliers) Round Two
- Melbourne City Recovery Fund – Small business reactivation grants
- Outdoor Eating and Entertainment Package
- Small Business COVID Hardship Fund
- Sole Trader Support Fund
- Sustainable Event Business Program.

For more detail about other payments (including certain disaster relief grants and payments) you don't need to include in your tax return, see What to exclude from your business's assessable income.

If you're a government entity, you may need to report grants on your Taxable payments annual report (TPAR) form, see Payments government entities need to report in their TPAR.

Exclusions

Not all grants or support programs announced by the government were eligible to be treated as NANE.

Grants are generally taxable, see Payments to support businesses. The grant or support program payment was taxable if you both:

- carried on a business
- had an aggregated turnover of $50 million or more in either the income year the payment was received or the previous income year.

The payment will be assessable as ordinary income of the business and should be declared as income in your tax return.

If the business is also registered for PAYG instalments, the amount should be reported at label **T1** of the Business activity statement. See PAYG instalments – how to complete your activity statement.

Residency and source of income

COVID-19 related guidance related to issues of tax residency and source of income.

Last updated 9 April 2026

When to pay tax in Australia

If you are not an Australian resident at any time during the income year and you do not earn any income from an Australian source, you don't have to pay income tax.

You may have Australian tax obligations and may be liable to pay tax in Australia if:

- you are or became an Australian resident for tax purposes (Australian resident)
- you are a foreign resident for tax purposes (foreign resident) who has Australian-sourced income.

Lodging an Australian tax return

You may need to lodge an Australian tax return if:

- you are an Australian resident
- you became an Australian resident during the income year
- you are a foreign resident who earned assessable income that has an Australian source, or who has had tax withheld, during the income year.

During the time you are an Australian resident, **all** the following income is assessable:

- Australian-sourced income, including salary or wage income and investment income
- foreign-sourced income, unless you are a temporary Australian resident.

During the time you are a foreign resident, all Australian-sourced income is assessable. Your foreign-sourced income is generally not assessable.

For more information, see:

- Coming to Australia
- Work out if you need to lodge a tax return.

Change of tax residency due to COVID-19

Whether you are a resident for tax purposes in Australia depends on your particular circumstances. If you were a foreign resident here temporarily for some weeks or months due to COVID-19, you would not become an Australian resident for tax purposes if you:

- usually lived overseas permanently
- intended to return there as soon as you were able.

However, you will need to review your residency status for tax purposes if you:

- ended up staying in Australia for a lengthy period
- didn't return to your country of residency when you were able to do so.

In particular, you will need to consider your residency status in line with ATO guidance and taxation rulings (see below) if:

- you were an Australian citizen or permanent resident who returned to Australia due to COVID-19
- you continued to stay in Australia throughout the 2021 income year.

You will need to consider all your facts and circumstances including:

- your intention and purpose of coming to and remaining in Australia
- your living arrangements while in Australia
- your family and business or employment ties to Australia.

Choosing to stay in Australia when you were able to leave is a factor that will point towards you being a resident. This includes if you were able to leave Australia but did not do so, because of conditions or restrictions that applied, for example, quarantine requirements or restrictions on re-entering Australia.

Factors to consider in determining whether you were able to leave Australia include:

- government restrictions preventing you from leaving Australia or entering your usual country of residency
- a lack of commercial flights available to enable you to return to your country of residency.

For more information, see:

- Your tax residency
- Taxation Ruling TR 98/17 *Income tax: residency status of individuals entering Australia*

Australian residents

Australian residents affected by COVID-19 included those who were temporarily overseas and those who had to return to Australia early from certain types of foreign service.

Temporarily overseas

If you usually lived and worked in Australia but were temporarily overseas due to COVID-19, your Australian tax obligations didn't change. If you were required to pay foreign income tax overseas, a foreign income tax offset will ordinarily reduce your Australian tax payable, see Guide to foreign income tax offset rules 2020).

Return to Australia early from certain foreign service

Australian residents whose their foreign service income may otherwise have been exempt under section 23AG of the *Income Tax Assessment Act 1936* but who had to return to Australia early from foreign service due to COVID-19, are affected as follows:

- If you had already completed 91 days of continuous foreign service and met all the other requirements
  - the earnings from that period of foreign service will continue to be exempt. This is so even if they were paid after your return (for example, wages paid in arrears and paid annual or holiday leave that accrued during the period of foreign service)

  - the earnings you earned after your return to Australia, even if they were in relation to your previous foreign service, are not earned undertaking foreign service and therefore will be assessable to you in Australia.
- If you had not completed 91 days of continuous foreign service (taking into account available exceptions) or not met all the other requirements, your foreign earnings from that period of foreign service are not exempt and therefore will be assessable to you in Australia.

For more information, see Section 23AG *Early return from foreign service due to COVID 19 – foreign employment income*.

Medicare levy and Medicare levy surcharge

If you are an Australian resident, you may be liable for Medicare levy, even if you were outside Australia for all or part of the year. Some reductions and exemptions apply.

In addition to the Medicare levy, you may have to pay the Medicare levy surcharge if you, your spouse or dependent children don't have an appropriate level of private patient hospital cover and your income is above a certain amount (see Medicare and private health insurance).

Foreign residents

If you are a foreign resident, you usually pay tax on your Australian-sourced income only. Double-tax agreements (DTA) may apply between your home country and Australia.

In some circumstances the employment income you earned working remotely from Australia may not have an Australian source. Foreign-sourced employment income you earn while in Australia temporarily will generally be paid leave or salary or wages.

Income from paid leave earned while in Australia temporarily

If you usually worked overseas and earned foreign-sourced employment income and you were on paid leave (such as annual or holiday leave) since arriving in Australia temporarily due to COVID-19, the income:

- from your foreign employer for this leave was not from an Australian source
- does not need to be declared in Australia.

Salary or wages earned while working remotely in Australia temporarily

Whether employment income, including salary or wages, you earn is assessable depends on:

- whether it is from an Australian or a foreign source
- whether a double-tax agreement applies (see advice on double-tax agreements).

The source of income always depends on the facts. Usually, the place where the employment is exercised is very significant when deciding the source of employment income. However, in certain circumstances other factors may be more significant.

COVID-19 created a special set of circumstances that must be taken into account when considering the source of the employment income earned by a foreign resident who usually worked overseas but instead performs that same foreign employment in Australia.

Working in Australia less than 3 months

We accept that if the remote working arrangement was short term (3 months or less), the income from that employment won't have an Australian source.

Example: Short-term working arrangement for 3-month period

Eric is a financial adviser who came to Australia for a holiday on 20 December 2019, intending to go home at the end of January 2020.

He decided not to leave because of COVID-19 but intended to return home as soon as it was safe.

He started working remotely in Australia on 1 February, doing the same work he would do in his country of residency for his foreign employer.

The 3-month period started on 1 February and ended on 30 April 2020. It doesn't matter if Eric is a full-time or part-time employee. His employment income for this 3-month period won't be considered to have an Australian source.

Working in Australia longer than 3 months

For working arrangements longer than 3 months, your circumstances need to be examined to determine if your employment was connected to Australia. This includes examining if:

- the terms and conditions of your employment contract changed
- the nature of your job changed
- you started performing work for an Australian entity affiliated with your employer
- the economic impact or result of your work moved to Australia
- your economic employer – the entity for which you're providing services – was in Australia (see Taxation Ruling TR 2013/1)
- you performed work with Australian clients
- the performance of your work was wholly or to a significant degree dependent on you being physically present in Australia to complete it
- Australia became your permanent place of work
- your intention towards Australia changes.

Your employment income was likely to have an Australian source if:

- you chose to stay in Australia despite being able to leave
- you agreed with your employer that Australia can be your usual place of work until you chose to travel again.

This is because Australia was no longer a place where you temporarily and unexpectedly perform your work, but a usual and longer-term place of employment.

In some limited situations your employment income may **not** have had an Australian source. This may be the case if all of the following apply:

- The only thing that changed about your employment was that you were now doing it from Australia as a result of COVID-19.
- There were no other connections to Australia.
- You intended to, and did, leave Australia as soon as you could.
- The country in which you normally resided in permanently does not have a double-tax agreement with Australia. A double tax agreement may deem the employment income you earn to have an Australian source – see advice on double-tax agreements.

Example: Circumstances of employment change to an Australian source

Jane is an IT professional residing overseas in a country that does not have a double-tax agreement with Australia. Jane services software applications for her employer. She can undertake this work remotely anywhere in the world.

On 1 March 2020, she returned to Australia temporarily due to COVID-19, continuing to work exclusively for her foreign employer from Australia for as long as she was able.

Nothing else about her employment changed until 1 May 2020. On this date, due to a shortage of work with her foreign employer, Jane began similar work for a related Australian entity. For this work, she was assigned work by, and reports to, an Australian manager.

The employment income Jane earns between 1 March and 30 April 2020 is foreign sourced as it's not connected to Australia.

The employment income Jane earns from 1 May 2020 is Australian sourced due to the change in her employment circumstances.

From 1 May 2020, Jane’s employment income was assessable in Australia.

Example: Retention of foreign source as circumstances of employment remain unchanged

Katie is a graphic designer residing overseas in a country that does not have a double-tax agreement with Australia. Katie undertakes graphic design work for a foreign employer relating to foreign clients.

On 1 February 2020, Katie came to Australia to visit relatives. However, due to COVID-19, she remained in Australia but intended to return overseas as soon as it was safe.

Katie's employer agreed to temporarily allow her to work from Australia performing the same role for her foreign employer. The only thing that changed about Katie's employment is that she was temporarily performing the work in Australia until she was able to leave.

The employment income Katie earns – from when she came to Australia on 1 February 2020 – continues to be foreign sourced.

Katie will need to keep reviewing her circumstances for any changes in her residency status (see above) or the source of her employment income. If Katie became an Australian resident for tax purposes, both her Australian and foreign sourced income would be assessable income.

For more information, see Taxation Ruling TR 2013/1 *Income tax: the identification of 'employer' for the purposes of the short-term visit exception under the Income from Employment Article, or its equivalent, of Australia's tax treaties*

Effect of a double-tax agreement on certain employment income you earn in Australia

Australia's double-tax agreements (DTAs) provide that, in certain circumstances, employment income earned by a resident of another country while working in Australia for a short period is not to be taxed in Australia (the short-term visit exception).

If the short-term visit exception doesn't apply, employment income earned by a resident of another country while working in Australia may be deemed by a DTA to be from sources in Australia.

Each DTA must be checked carefully as wording, conditions and time periods vary between DTAs.

The short-term visit exception

Generally, employment income will not be taxed in Australia if:

- you are a resident of a country with which Australia has a DTA (the DTA country)
- you are not present in Australia for more than 183 days in aggregate in either an income year or a 12-month period (depending on the applicable DTA)
- your salary and wages are paid to you by, or on behalf of, an employer that is not an Australian resident
- your salary and wages are not deductible against the profits of an Australian permanent establishment of your employer.

Note that the conditions for the short-term visit exception varies between DTAs.

For example, in some DTAs:

- the maximum days or presence may be less than 183 days
- the days or presence do not necessarily all have to be in the same income year
- there may be breaks in the aggregate.

Example: accumulation of more than 183 days

Ian spent the following time in Australia:

- 15 December 2019 to 3 January 2020 (20 days)
- 10 March 2020 to 1 October 2020 (176 days)

Ian's time in Australia exceeds 183 days. Therefore, the DTA does not prevent Australia from taxing Ian's Australian-sourced salary or wages income in either the 2019–20 or 2020–21 income years.

JobKeeper Payment

The JobKeeper Payment was a COVID support measure administered by the ATO.

Last updated 29 April 2022

The JobKeeper Payment scheme supported Australian businesses significantly impacted by coronavirus (COVID-19).

JobKeeper finished on 28 March 2021. In most circumstances, the scheme's last day for payment was 31 March 2022.

QC 62125

JobMaker Hiring Credit scheme

Key points about the COVID-19 support measure for eligible employers.

Last updated 9 April 2026

The JobMaker Hiring Credit scheme has ended

The JobMaker Hiring Credit scheme was an incentive for businesses to employ additional young job seekers aged 16–35 years.

Eligible employers could access the JobMaker Hiring Credit for each eligible additional employee they hired between 7 October 2020 and 6 October 2021.

The final claim period for the JobMaker Hiring credit scheme ended on 31 January 2023.

Tax consequences

All payments under the JobMaker Hiring Credit scheme are assessable as ordinary income.

The normal deductions apply for amounts your business paid to employees if those amounts were subsidised by JobMaker Hiring Credit payments.

JobMaker Hiring Credit payments were:

- not subject to GST
- did not need to be included in your activity statements.

Operating on an accruals basis

For businesses operating on an accruals accounting basis, JobMaker Hiring Credit payments were derived when the entity provides us with a valid claim form after each JobMaker period. The claim triggered the entity's legal entitlement to the payments.

Operating on a cash basis

For business entities that operate on a cash accounting basis, JobMaker Hiring Credit payments were derived when the entity received those payments.

Authorised by the Australian Government, Canberra.

QC 64253

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If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

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