



Northern Territory

BUDGET 2004

Moving the Territory ahead... **less tax, more jobs, great lifestyle**

M E D I A R E L E A S E

Syd Stirling

Treasurer

18 May 2004

RECORD TAX CUTS FOR TERRITORY BUSINESS

Record tax cuts are the centrepiece of Budget 2004, making the Territory the most competitive business environment in Australia with the lowest taxes for small business, Treasurer Syd Stirling said today.

Budget 2004 will see cuts to payroll tax and the abolition of other taxes, which will save Territory business millions of dollars a year.

The changes to payroll tax will mean about 160 businesses will no longer have to pay the tax.

Locally-based Territory businesses, with an annual payroll of less than \$1 million, will not pay any payroll tax at all from July 1 2005, removing a disincentive to business growth and employment.

“The 2004 Budget tax reforms by the Martin Labor Government are the most significant ever delivered by a Territory government and will stimulate economic growth to keep the Territory moving ahead,” Mr Stirling said.

“The Territory Government is proud to champion business through these tax reform initiatives which will make the Territory the lowest taxing jurisdiction for small business in Australia,” Mr Stirling said.

Revenue measures in the Budget include:

NO PAYROLL TAX UNTIL PAYROLL REACHES \$1 MILLION

The payroll tax threshold will move from \$600,000 to \$800,000 from July 1 this year. The threshold will then move to \$1 million on July 1 2005.

By July 2005, 162 businesses will not pay payroll tax. Of these businesses, 125 are locally based Territory businesses. They will save on average \$20,500 a year from this measure.

Businesses above the \$1 million threshold will also save money because payroll tax is only raised on each dollar over the threshold.

The payroll tax cuts will save Territory business \$7.2 million a year from July 1 2005. They come on top of reductions in payroll tax from 6.5% to 6.2% already introduced by the Martin Labor Government.

HIH LEVY ABOLISHED

The 4% HIH levy will be immediately abolished on all workers' compensation policies, written and renewed on or after May 18, 2004 – eight years earlier than scheduled.

This will save 6600 Territory businesses a total of \$2.7 million in 2004-05.



A small business with 20 employees will save on average \$800 a year.

A medium-size business with 40 employees will save on average \$1600 a year.

The HIH liability is now expected to be around \$22 million, down from the original estimate of \$50 million.

The Government is now absorbing the full cost of outstanding claims left after the collapse of HIH.

DEBITS TAX ABOLISHED

The Territory Government will abolish debits tax from July 1 2005, saving Territory businesses and households about \$6.2 million a year.

This measure comes on top of the abolition of financial institutions duty, stamp duty on quoted marketable securities and tourism marketing duty.

The abolition of these taxes is saving Territory businesses and householders more than \$20 million a year from 2005-06.

ADMINISTRATIVE APPEALS TRIBUNAL TO BE ESTABLISHED FOR TAXPAYERS

A new independent taxation and mineral royalty administrative appeals tribunal will be established.

It will provide taxpayers a cheaper, more efficient alternative for appealing tax and mineral royalty administrative decisions, rather than going through the courts.

ON-GOING TAX RELIEF MEASURES FOR TERRITORIANS

Budget 2004 maintains the tax relief measures previously introduced by the Martin Labor Government including:

- Increasing the stamp duty threshold for first homebuyers from \$80,000 to \$125,000, raising stamp duty relief from \$2096 to \$3640
- A new \$1500 principal-place-of-residence stamp duty rebate for Territorians
- Exempting commercial leases with rent of \$30,000 or less from stamp duty
- Increasing the stamp duty threshold on hiring arrangements from \$36,000 to \$90,000 a year; Exempting 'wet hires' from stamp duty; and
- Reducing stamp duty payable on the grant or renewal of a franchise.

"The tax cuts contained in the Budget are part of the Government's efforts to make the Territory the best place in Australia to do business," Mr Stirling said.

