

The Lowest Tax for Small Business

Territory small businesses will pay less recurrent tax than their competitors and enjoy the most competitive tax environment in Australia.

Territory businesses have a tax advantage over businesses operating in other states because the Territory does not raise:

- land tax – saving the Territory's commercial and investment property owners over \$23 million each year;
- stamp duty on mortgages – saving Territory real estate buyers over \$4.5 million each year; or
- a general fire and emergency services levy – saving Territorians just under \$3 million each year.

Initiatives that have contributed to the Territory's low taxing status include:

- reducing the payroll tax rate from 6.5 per cent to 6.2 per cent since 2002-03 – saving Territory employers \$1.5 million;
- increasing the payroll tax free threshold from \$600 000 to \$800 000 from 1 July 2004, and then to \$1 million from 1 July 2005;
- abolishing the HIH levy; and
- eliminating \$20 million in taxes as part of national tax reform. Debits tax will be removed from 1 July 2005.

Competitive Business

Comparisons of taxes paid by similar businesses operating in each capital city
(The figures in both tables reflect all changes announced in other jurisdictions)

Recurrent Taxes for a Small Business with 20 Staff

	NSW \$	Vic \$	Qld \$	WA \$	SA \$	Tas \$	ACT \$	NT \$
Payroll tax (wages of \$0.8M)	12 000	13 125	0	3 000	16 783	0	0	0
Land tax (CBD premises)	9 200	5 755	5 750	1 590	1 205	4 443	8 500	0
Insurance stamp duty (on \$25 000 premium)	1 250	2 500	2 125	2 500	2 750	2 000	2 500	2 500
Workers' comp stamp duty (on \$21 000 premium)	0	0	1 050	0	0	0	0	0
HIH levy (on \$21 000 premium)	65	0	0	210	0	840	0	0
Vehicle rego and insurance (5 cars)	3 425	2 740	3 510	2 520	3 260	2 645	3 985	2 930
Fire services levy (estimate)	6 000	6 750	611	350	372	7 000	0	0
Bank transaction duties (debit/cheque tax/duties)	0	1 274	1 274	1 274	1 404	832	1 274	1 404
Total from 1 July 2004	31 940	32 144	14 320	11 444	25 774	17 760	16 259	6 834

Taxes

Comparison of Tax Rates

Independent assessments by the Commonwealth Grants Commission (CGC) of state and territory revenue regimes confirm that the Territory is a low taxing jurisdiction.

The latest CGC assessments demonstrate that the Territory is the lowest taxing jurisdiction as it raises only 90 per cent of the national average in total revenue collected, and is the second lowest taxing jurisdiction on the basis of total taxes.

Total Revenue

NSW	Vic	Qld	WA	SA	Tas	ACT	NT
101%	101%	90%	104%	118%	101%	95%	90%

Source: Commonwealth Grants Commission 2004 Update Report.

Total Taxes

NSW	Vic	Qld	WA	SA	Tas	ACT	NT
101%	107%	86%	99%	111%	92%	102%	90%

Source: Commonwealth Grants Commission 2004 Update Report.

Taxes in the Territory

demonstrate that the Territory is a competitive place to do business. (up to 11 May 2004 and the 2004-05 Northern Territory Budget.)

Recurrent Taxes for a Medium-Sized Business with 40 Staff

	NSW \$	Vic \$	Qld \$	WA \$	SA \$	Tas \$	ACT \$	NT \$
Payroll tax (wages of \$1.6M)	60 000	55 125	47 500	51 000	62 143	35 990	23 975	49 600
Land tax (CBD premises)	23 200	32 905	14 465	9 473	6 485	11 993	17 000	0
Insurance stamp duty (on \$50 000 premium)	2 500	5 000	4 250	5 000	5 500	4 000	5 000	5 000
Workers' comp stamp duty (on \$42 000 premium)	0	0	2 100	0	0	0	0	0
HIH levy (on \$42 000 premium)	65	0	0	420	0	1 680	0	0
Vehicle rego & insurance (10 cars)	6 850	5 480	7 020	5 040	6 520	5 290	7 970	5 860
Fire services levy (estimate)	12 000	13 500	1 006	700	693	14 000	0	0
Bank transaction duties (debit/cheque tax /duties)	0	2 548	2 548	2 548	2 808	1 664	2 548	2 808
Total from 1 July 2004	104 615	114 558	78 889	74 181	84 149	74 617	56 493	63 268
Total from 1 July 2005	104 615	110 835	76 341	71 633	81 601	73 343	53 945	48 320*

*This total reflects the further reduction in payroll tax and the removal of debits tax from 1 July 2005.