

Record Tax Cuts for Local Business and Territorians

The Territory Government will cut nearly \$40 million in ongoing taxes including record payroll tax cuts in Budget 2005, backing local businesses and Territorians.

Budget 2005 delivers a further increase in the tax-free threshold for payroll tax to \$1.25 million.

The tax cuts make the Territory the lowest taxing jurisdiction from 1 July 2006 for a business with up to 100 staff.

Since 2001, the Territory Government has cut around \$40 million in tax on Territory households and businesses. Government has committed to a further \$40 million in cuts over the next five years, including cuts to stamp duty and other business taxes.

PAYROLL TAX SLASHED

Budget 2005 delivers significant payroll tax cuts, including a further increase to the tax-free threshold to \$1.25 million.

We will have doubled the tax-free threshold from \$600 000 to \$1.25 million since 2004.

From 1 July 2005:

- The payroll tax-free threshold will rise to \$1 million
- 79 businesses, of which 61 are locally-based Territory businesses, will no longer pay payroll tax
- All locally-based Territory businesses that continue to pay payroll tax will save an average \$20 500 a year

In addition, from 1 July 2006:

- The payroll tax-free threshold will rise to \$1.25 million – the equal highest in Australia
- 53 additional locally-based Territory businesses will no longer pay payroll tax
- Locally-based Territory businesses continuing to pay payroll tax will save an average \$11 400 extra a year

From 1 July 2004 to 1 July 2006 the payroll tax changes will mean 215 businesses, of which 180 are locally-based Territory businesses, will no longer pay payroll tax.

Locally-based Territory businesses continuing to pay the tax will save an average \$31 900 per year.

FIRST HOME OWNER STAMP DUTY

From 3 May 2005, first home buyers will not be required to pay any stamp duty on the first \$200 000 of their new home.

The value of the first home buyer stamp duty concession will nearly double from a maximum of \$3640 to \$6800.

This initiative will put around \$2.7 million a year back into Territorians' pockets.

It means that, for example, first home buyers buying a house costing \$260 000 will have their stamp duty slashed from \$6213 to \$3054.

First home buyers buying a home costing up to \$200 000 will not have to pay stamp duty at all.

All other home buyers purchasing their principal place of residence continue to get a \$1500 rebate on stamp duty.

ELECTRONIC DEBIT TRANSACTION DUTY AND DEBITS TAX ABOLISHED

- Electronic Debit Transaction duty will be abolished from 1 July 2005, saving Territory businesses and households over \$2.4 million in 2005-06.
- Debits tax will be abolished from 1 July 2005, saving Territory businesses and households \$6.2 million in 2005-06.

A local business with 20 employees will save \$1430 a year from the abolition of Electronic Debit Transaction Duty and Debits Tax.

TAX COMPARISON TERRITORY & INTERSTATE
1 JULY 2006

	NSW	QLD	WA	SA	NT
50 staff	\$161 811	\$135 293	\$118 266	\$128 019	\$89 787
80 staff	\$262 051	\$233 058	\$210 818	\$224 681	\$188 228
100 staff	\$327 357	\$285 697	\$269 203	\$283 731	\$253 760

The lowest taxing jurisdiction in Australia for up to 100 staff.

THE HISTORY OF TAX REFORM

1 July 2002

- ✓ Payroll tax rate reduced from 6.5% to 6.3%

18 July 2002

- ✓ Stamp duty on 'wet' hires removed

20 August 2002

- ✓ First home owner stamp duty concession increased from \$2096 to \$3640
- ✓ \$1500 Principal Place of Residence stamp duty rebate introduced
- ✓ Reduced the rate of stamp duty applying to grants or renewals of franchises from conveyance rates of up to 5.4% to lease rates of 0.5%.

10 October 2002

- ✓ Stamp duty corporate reconstruction exemption introduced

1 July 2003

- ✓ Payroll tax rate reduced from 6.3% to 6.2%
- ✓ Introduced stamp duty exemption for leases and franchises with average annual rent/franchise fees of \$30 000 or less
- ✓ Increased hiring duty exemption threshold from receipts of \$36 000 per annum to \$90 000 per annum

1 July 2004

- ✓ Payroll tax exemption threshold increased to \$800 000

1 July 2005

- ✓ Payroll tax exemption threshold increased to \$1 million
- ✓ Debits tax abolished
- ✓ Electronic Debit Transaction Duty abolished
- ✓ First Home Owner stamp duty threshold raised to \$200 000

1 July 2006

- ✓ Payroll tax threshold to be increased to \$1.25 million