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RECORD TAX CUTS FOR LOCAL BUSINESS, TERRITORIANS

Budget 2005 makes the Martin Government the most tax reforming government in the Territory's history with a range of tax cut initiatives, including record payroll tax cuts, to back local businesses and Territorians, Treasurer Syd Stirling announced today.

“Since 2001, the Territory Government has cut around \$40 million in tax on Territory households and businesses.

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

“Budget 2005 foreshadows a further \$40 million in tax cuts over the next five years.

“That's strong support for local business which provides them with a competitive edge over their interstate competitors.

“Less tax for Territory business means more local jobs for Territorians.”

RECORD PAYROLL TAX CUTS

In Budget 2005, the Martin Government will continue to cut payroll tax to back local business. The payroll tax threshold will have been doubled 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 will no longer pay payroll tax
- bigger locally-based Territory businesses continuing 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 best in Australia
- 53 additional locally-based Territory businesses will no longer pay the tax
- bigger, locally-based Territory businesses continuing to pay the 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 will no longer pay payroll tax,” Mr Stirling said.

“Locally-based Territory businesses continuing to pay will save on average \$31,900 a year.”

STAMP DUTY CUT FOR FIRST HOME OWNERS

Mr Stirling said tax cuts in Budget 2005 would also back Territory families, with the stamp duty threshold for first home buyers going from \$125,000 to \$200,000.

“This means that 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,” Mr Stirling said.

“The value of the first home owner stamp duty concession will almost double to \$6800, putting around \$2.7 million a year back into Territorian’s pockets. Around 1400 Territorians a year will benefit from this initiative.

“People buying a home to live in will continue to receive a \$1500 rebate on stamp duty.”

ELECTRONIC DEBIT TRANSACTION DUTY AND DEBITS TAX ABOLISHED

- Electronics 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 also be abolished from 1 July 2005, saving Territory businesses and households \$6.2 million in 2005-06

A small local business with 20 employees will save \$1430 a year from the abolition of these taxes.

FURTHER TAX CUTS TO BACK TERRITORY BUSINESS

The Martin Government will also abolish a range of other business taxes over the next five years, along with the scrapping of Electronic Debit Transaction and Debits Tax Duty,” Mr Stirling said.

Those tax cuts include:

- Abolishing Non-quotable Marketable Securities Duty and Leases Duty from July 2006 – worth around \$2 million per year
- Abolishing Hiring Duty from July 2007 – worth around \$5.3 million per year
- Abolishing the business asset component of stamp duty on non-residential conveyancing from 2009-10 – worth \$5.5 million a year

MARTIN GOVERNMENT’S STRONG RECORD ON TAX REFORM

Tax cuts in Budget 2005 continue the Martin Government’s strong record on tax reform to back Territory businesses and families. Other tax cuts include:

- removal of stamp duty on ‘wet hires’
- reduction in 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%
- introduction of stamp duty corporate reconstruction exemption
- introduction of 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 a year to \$90,000 a year

“The Martin Government is backing Territory business with record tax cuts, making the Territory the lowest taxing jurisdiction for a business with up to 100 staff.

“Less tax for Territory business means more jobs for Territorians.”

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