

## Payroll Tax Reduces

The payroll tax-free threshold will increase from \$800 000 to \$1 million from 1 July 2005. This is further to the increase in the tax-free threshold from \$600 000 to \$800 000 in place since 1 July 2004.

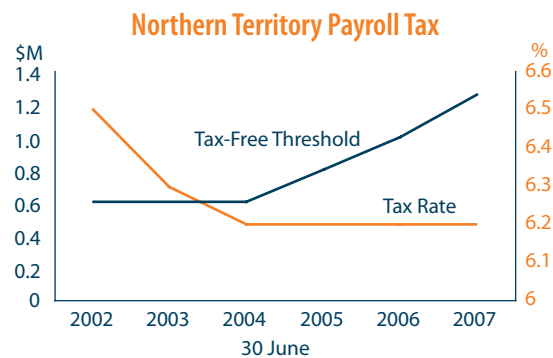
As a further boost for Territory businesses, the Territory Government has also committed to increasing the payroll tax-free threshold to \$1.25 million from 1 July 2006. This will provide the Territory with the equal highest payroll tax-free threshold in Australia.

From 1 July 2005, Territory businesses that continue to pay payroll tax will save, on average, \$20 500 in payroll tax a year. Territory businesses continuing to pay payroll tax after 1 July 2006 will save an additional \$11 400, on average, in payroll tax a year.

By 1 July 2006, the payroll tax-free threshold will have more than doubled since 2003-04, relieving 215 businesses of the requirement to pay the tax.

### Payroll Tax Comparison 1 July 2006

Number of Staff	Threshold	NT Ranking
50	\$77 500	Lowest
80	\$170 500	Lowest
100	\$232 500	Lowest



These threshold increases are in addition to the payroll tax rate reducing twice, from 6.5 per cent to 6.2 per cent, since August 2001.

Together, these payroll tax reductions are estimated to save businesses around \$12 million a year in taxes on their wage bills.

The Territory's payroll tax regime is now one of the most favourable in Australia for small to medium sized businesses with wages of \$2 million or less. From 1 July 2006, it will be the most favourable regime for businesses with wages of \$5 million or less.

### Recurrent taxes for a business with 50 staff

	NSW \$	Vic \$	Qld \$	WA \$	SA \$	Tas \$	ACT \$	NT \$
Payroll tax (on wages of \$2.5M a year)	114 000	102 375	104 500	96 250	109 780	90 890	85 625	93 000
Land tax (CBD premises, passed on by landlord)	23 200	31 730	14 465	9 323	3 635	11 993	15 825	0
Insurance stamp duty (on \$52 500 premium)	2 625	5 250	3 938	5 250	5 775	4 200	5 250	5 250
Workers comp stamp duty (on \$65 625 premium)	0	0	3 281	0	0	0	0	0
HIH levy (on \$65 625 premium)	65	0	0	656	0	2 625	0	0
Motor vehicle registration* (on 12 car fleet and includes MACA equivalent)	8 271	6 720	8 103	6 052	8 136	6 525	9 526	7 037
Fire services levy (estimate)	13 650	17 325	1 006	735	693	14 700	0	0
Bank transactions duties (debits tax and debit/cheque duties)	0	0	0	0	0	0	0	0
<b>Total from 1 July 2005</b>	<b>161 811</b>	<b>163 400</b>	<b>135 293</b>	<b>118 266</b>	<b>128 019</b>	<b>130 933</b>	<b>116 226</b>	<b>105 287</b>

\*MVR data is current as at 11 March 2005

# Tax

## Savings for First Home Buyers

The stamp duty First Home Owner Concession will increase from the first \$125 000 (a concession of up to \$3640) to the first \$200 000 of a property's value (a concession of up to \$6800). The new concession rate will apply to contracts executed on or after 3 May 2005 and will nearly double the maximum concession available.

## Territory Tax Reform

From 1 July 2005, the Northern Territory will abolish debits tax and electronic debits transaction stamp duty, as part of national tax reform. The abolition of these taxes will save Territorians, including Territory businesses, about \$8.6 million each year.

The Government has also committed to abolish:

- stamp duty payable on the grant and renewal of leases and franchises and stamp duty on unquoted marketable securities from 1 July 2006, worth nearly \$2 million a year;
- stamp duty on hiring arrangements from 1 July 2007, worth \$5.3 million a year; and
- stamp duty on the conveyance of business property other than land, worth over \$5.5 million a year.

The abolition of the above taxes is in addition to those already removed by the Northern Territory in accordance with national tax reform commitments. The taxes already abolished are tourism marketing duty from 1 July 2000 and both stamp duty on quoted marketable securities and financial institutions duty from 1 July 2001, at a combined saving of more than \$20 million a year.

The effect of all the taxes abolished up to 2005-06 will save Territorians almost \$40 million a year.



## Recurrent taxes for a business with 80 staff

	NSW \$	Vic \$	Qld \$	WA \$	SA \$	Tas \$	ACT \$	NT \$
Payroll tax (on wages of \$4M a year)	204 000	181 125	190 000	178 750	192 280	182 390	188 375	186 000
Land tax (CBD premises, passed on by landlord)	25 600	50 740	18 000	13 461	10 905	13 996	16 413	0
Insurance stamp duty (on \$60 000 premium)	3 000	6 000	4 500	6 000	6 600	4 800	6 000	6 000
Workers comp stamp duty (on \$105 000 premium)	0	0	5 250	0	0	0	0	0
HIH levy (on \$105 000 premium)	65	0	0	1 050	0	4 200	0	0
Motor vehicle registration* (on 20 car fleet and includes MACA equivalent)	13 786	11 200	13 505	10 087	13 560	10 875	15 877	11 728
Fire services levy (estimate)	15 600	19 800	1 803	1 470	1 336	16 800	0	0
Bank transactions duties (debits tax and debit/cheque duties)	0	0	0	0	0	0	0	0
<b>Total from 1 July 2005</b>	<b>262 051</b>	<b>268 865</b>	<b>233 058</b>	<b>210 818</b>	<b>224 681</b>	<b>233 061</b>	<b>226 665</b>	<b>203 728</b>

\*MVR data is current as at 11 March 2005