

Lower Taxes

The 2006-07 Budget will implement the latest tranche of tax cuts directly designed to benefit Territory business. This process of taxation reform has cut \$42 million worth of taxes to date and means the Territory is now the lowest taxing state or territory in Australia for annual recurrent taxes imposed on small business.

Payroll Tax Reduction

On 1 July 2006, the payroll tax threshold will be lifted from \$1 million to \$1.25 million, the equal highest threshold in all jurisdictions, releasing another 58 businesses from the payroll tax net. More than 1300 businesses will benefit from this change, with locally-based Territory businesses that continue to pay payroll tax expected to save, on average, an additional \$13 500 in payroll tax a year. This latest threshold increase is delivered at a cost of \$3.6 million to the Territory Government and is in addition to the payroll tax rate reducing from 6.5 per cent to 6.2 per cent since August 2001.

Together, these payroll tax reductions are estimated to save businesses around \$12.5 million a year in taxes on their wage bills. Further, from 1 July 2006, the Territory's payroll tax regime will become the most favourable in Australia for small to medium sized businesses with wages of \$5 million or less.

Around 143 locally-based Territory businesses and 44 interstate-based businesses will be relieved from payroll tax as a result of this ongoing program of tax reform. In addition to these reductions, the Territory Government has committed to reducing the payroll tax rate from 6.2 per cent to 5.9 per cent, at an estimated cost of \$6.2 million, during its current term. This program of tax reform has already delivered substantial benefits to Territory-based businesses and is structured so that these savings are ongoing.

Payroll Tax Comparison 1 July 2006

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

Two More Stamp Duties Abolished

From 1 July 2006, the Northern Territory will abolish stamp duty payable on the rent paid for the grant and renewal of leases and franchises and on unquoted marketable securities. The abolition of these taxes will save Territorians, including Territory businesses, about \$2 million each year.

Recurrent taxes for a business with 50 staff

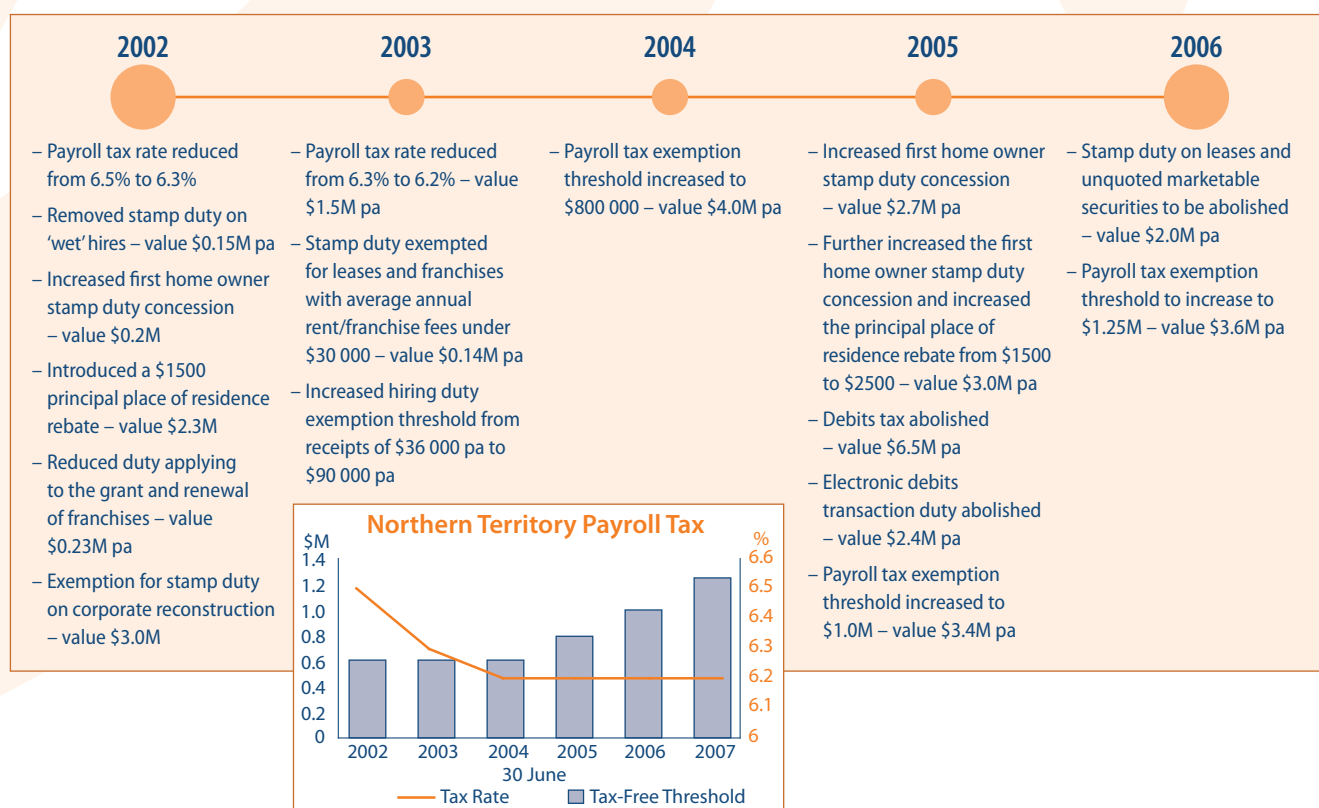
	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
	\$	\$	\$	\$	\$	\$	\$	\$
Payroll tax (on wages of \$2.5M pa)	114 000	102 375	104 500	96 250	109 780	90 890	85 625	77 500
Land tax (CBD premises, passed on by landlord)	28 116	20 580	12 375	6 360	3 605	7 638	14 425	
Insurance stamp duty (on \$52 500 premium)	4 725	5 250	3 938	5 250	5 775	4 200	5 250	5 250
Workers compensation stamp duty (on \$65 625 premium)			3 281					
HIH levy (on \$65 625 premium)								
Motor vehicle registration (on 12 car fleet including compulsory third party insurance)	10 224	6 881	7 973	6 108	8076	6 595	8 878	7 037
Fire services levy (estimate)	17 850	25 200	1 058	710	693	14 700		
Bank transactions duties (debits tax and debit/cheque duties)								
Total from 1 July 2006	174 915	160 286	133 125	114 678	127 929	124 023	114 178	89 787

Note: MVR data is current as at 21 April 2006

The Government has also committed to abolishing:

- 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 about \$6.8 million a year.

This is in addition to those taxes already removed by the Northern Territory in accordance with national tax reform commitments. The taxes already abolished include tourism marketing duty from 1 July 2000, stamp duty on quoted marketable securities and financial institutions duty from 1 July 2001, and debits tax and electronic debit transaction duty from 1 July 2005, at a combined saving to taxpayers of around \$29 million a year.



Recurrent taxes for a business with 100 staff

	NSW \$	VIC \$	QLD \$	WA \$	SA \$	TAS \$	ACT \$	NT \$
Payroll tax (on wages of \$5.0M pa)	264 000	233 625	237 500	233 750	247 280	243 390	256 875	232 500
Land tax (CBD premises, passed on by landlord)	31 058	39 290	15 000	11 280	10 890	11 544	15 163	
Insurance stamp duty (on \$66 000 premium)	5 940	6 600	4 950	6 600	7 260	5 280	6 600	6 600
Workers compensation stamp duty (on \$131 250 premium)			6 563					
HIH levy (on \$131 250 premium)	65			1 313		5 250		
Motor vehicle registration (on 25 car fleet including compulsory third party insurance)	21 300	14 335	16 611	12 725	16 825	13 739	18 496	14 660
Fire services levy (estimate)	22 440	31 680	1 896	1 420	1 336	18 480		
Bank transactions duties (debits tax and debit/cheque duties)								
Total from 1 July 2006	344 803	325 530	282 520	267 088	283 591	297 683	297 134	253 760

Note: MVR data is current as at 21 April 2006