

# Lower Business Taxes

## Payroll Tax Harmonisation

From 1 July 2008, the first ever major national overhaul of payroll tax arrangements will harmonise laws and procedures across Australia.

Along with other jurisdictions, the Territory has agreed to reform eight important areas of the payroll tax laws, cutting red tape to streamline administration for thousands of Australian businesses, particularly those that operate across state borders.

The 2007-08 Budget will implement more tax cuts, directly designed to benefit Territory business. Cumulative tax savings to Territory businesses since 2002 are \$94 million. Further tax savings of \$62 million to home buyers, largely first home owners, have provided a stimulus for many businesses in the Territory and encouraged population stability. The Territory remains the lowest taxing state or territory in Australia for annual recurrent taxes for small and medium sized businesses (with 100 or less employees), and is the only jurisdiction to have no land taxes or a fire services levy. Since 2002, six separate stamp duties have been reduced or removed entirely by the Territory Government.

## Another Stamp Duty Abolished

Stamp duty on hiring arrangements will be abolished from 1 July 2007, saving \$5.3 million a year. Hiring arrangements include hire of goods, such as specialist or heavy equipment or motor vehicles, and hire purchase agreements, including the option to purchase goods by instalments.

The Government has also announced that, from 1 July 2009, it will abolish stamp duty on the conveyance of business property other than land, saving business a further \$11.3 million a year.

By 2007-08, the ongoing program of national taxation reform will deliver savings to Territory taxpayers of around \$246 million.

The Territory's payroll tax regime continues to be the most favourable in Australia for smaller sized businesses with total wage costs up to \$4 million.

Since 2002, the Territory Government has reduced the payroll tax rate from 6.5 per cent to 6.2 per cent and increased the exemption threshold from \$600 000 to \$1.25 million, saving Territory businesses more than \$45 million.

In addition to these reductions, the Government has committed to further reducing payroll tax during its current term, which will deliver added savings to businesses of \$6.3 million.

Tax Savings to 2007-08	\$M
Home owner savings	62.0
Business savings	94.2
– payroll	45.3
– stamp duties and debit tax	48.9
<b>Total</b>	<b>156.2</b>

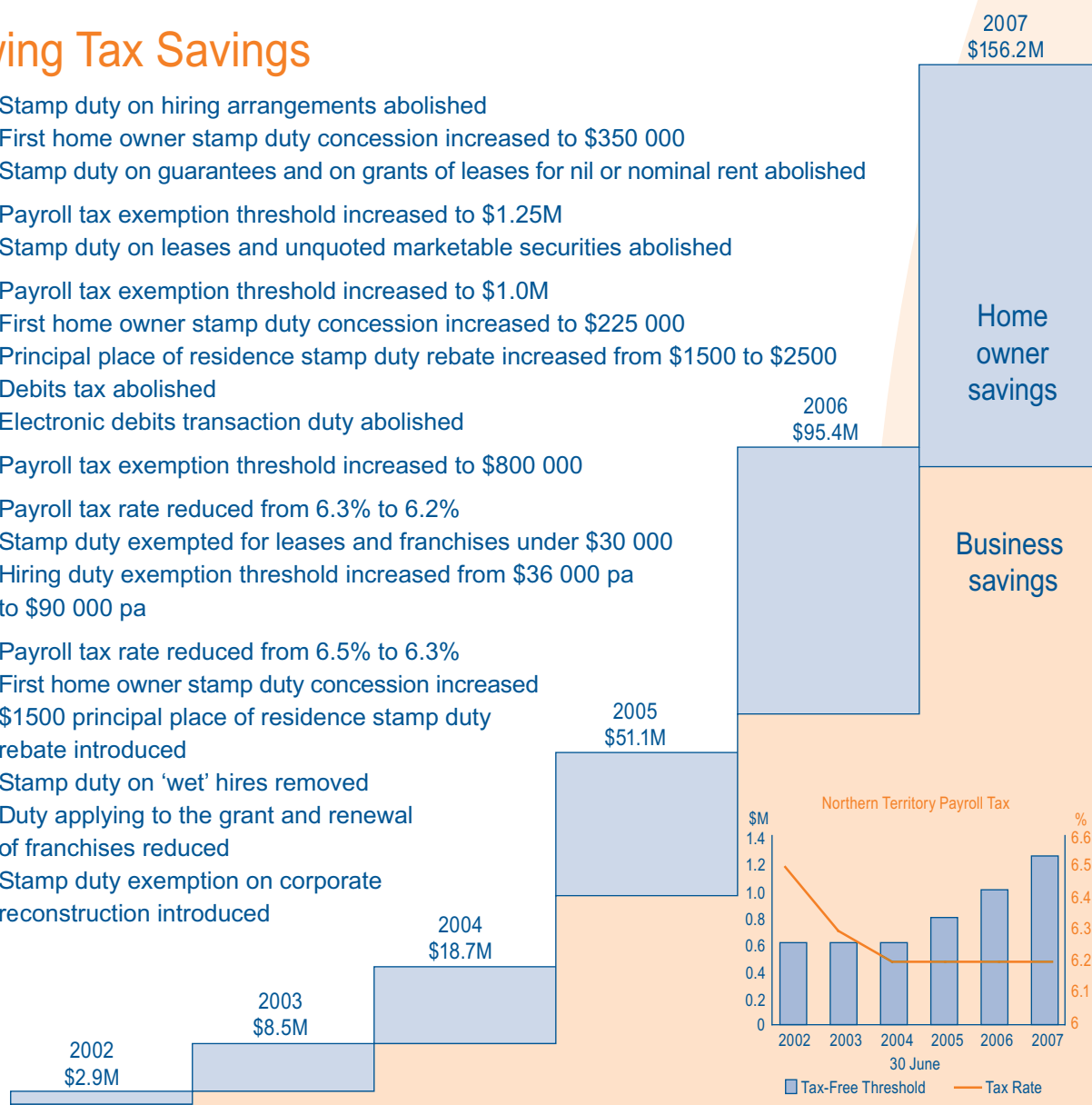
## Recurrent taxes for a business with 50 staff

	NSW \$000	VIC \$000	QLD \$000	WA \$000	SA \$000	TAS \$000	ACT \$000	NT \$000
Payroll tax (on wages of \$2.9M pa)	138	119	120	118	132	115	113	102
Land tax (CBD premises, passed on by landlord)	37	12	23	17	7	2	24	
Insurance stamp duty (on \$52 500 premium)	5	5	4	5	6	4	5	5
Workers comp stamp duty (on \$76 125 premium)			4					
Motor vehicle rego (on 12 car fleet and includes MACA equivalent)	13	7	8	7	8	7	13	7
Fire services levy (estimate)	19	26	1	1	1	15	8	
<b>Total</b>	<b>212</b>	<b>169</b>	<b>160</b>	<b>148</b>	<b>154</b>	<b>143</b>	<b>163</b>	<b>114</b>

Note: Current as at April 2007.

## Growing Tax Savings

- 2007** – Stamp duty on hiring arrangements abolished
  - First home owner stamp duty concession increased to \$350 000
  - Stamp duty on guarantees and on grants of leases for nil or nominal rent abolished
- 2006** – Payroll tax exemption threshold increased to \$1.25M
  - Stamp duty on leases and unquoted marketable securities abolished
- 2005** – Payroll tax exemption threshold increased to \$1.0M
  - First home owner stamp duty concession increased to \$225 000
  - Principal place of residence stamp duty rebate increased from \$1500 to \$2500
  - Debits tax abolished
  - Electronic debits transaction duty abolished
- 2004** – Payroll tax exemption threshold increased to \$800 000
- 2003** – Payroll tax rate reduced from 6.3% to 6.2%
  - Stamp duty exempted for leases and franchises under \$30 000
  - Hiring duty exemption threshold increased from \$36 000 pa to \$90 000 pa
- 2002** – Payroll tax rate reduced from 6.5% to 6.3%
  - First home owner stamp duty concession increased
  - \$1500 principal place of residence stamp duty rebate introduced
  - Stamp duty on 'wet' hires removed
  - Duty applying to the grant and renewal of franchises reduced
  - Stamp duty exemption on corporate reconstruction introduced



### Recurrent taxes for a business with 100 staff

	NSW \$000	VIC \$000	QLD \$000	WA \$000	SA \$000	TAS \$000	ACT \$000	NT \$000
Payroll tax (on wages of \$5.8M pa)	312	265	276	278	291	292	312	282
Land tax (CBD premises, passed on by landlord)	40	49	24	27	17	3	25	
Insurance stamp duty (on \$66 000 premium)	6	7	5	7	7	5	7	7
Workers comp stamp duty (on \$142 250 premium)			8					
Motor vehicle rego (on 25 car fleet and includes MACA equivalent)	28	15	17	14	18	14	26	15
Fire services levy (estimate)	24	33	2	2	2	18	15	
<b>Total</b>	<b>410</b>	<b>369</b>	<b>332</b>	<b>328</b>	<b>335</b>	<b>332</b>	<b>385</b>	<b>304</b>

Note: Current as at April 2007.