

2008-09 Budget

Delivering for Territory Families

FACT SHEET

Business

The Territory Government continues its strong support for Territory business through low taxes and a strong economy. Budget 2008 cuts stamp duty, reduces payroll tax and ensures the Territory continues to have the lowest taxes for small business in Australia.

Stamp Duty Cuts

The Territory Government is the first in Australia to comprehensively reform its conveyance stamp duty rates, delivering savings to all Territorians.

The 2008-09 Budget reduces stamp duty on all property transactions, for all property values by:

- lowering the minimum rate to 1.5 %, down from 2.1%
- cutting the top rate to 4.95%, down from 5.4%
- applying the top rate from \$525 000 (increased from \$500 000)
- providing further assistance to first home buyers by increasing the tax-free threshold to \$385 000, up from \$350 000

This reform will assist all purchasers of Territory properties including home buyers, property investors and Territory businesses. An estimated \$12 million in savings each year will be available to:

- over 1300 first home buyers
- over 1700 other home buyers
- over 3400 residential investors
- over 1400 commercial transactions

Home buyers will save \$2350 in stamp duty on a median priced home. On average home buyers will pay 14% less in stamp duty.

Payroll Tax Reductions

Budget 2008 delivers on the Labor Government's 2005 election commitments. From 1 July 2008, the payroll tax rate will be cut from 6.2% to 5.9%, saving businesses \$7.2 million per year.

This is an average of more than \$4500 less tax each year per employer and is the fifth payroll tax reduction since 2001, with total savings to businesses of about \$74 million.

The Territory has the equal highest payroll tax threshold in Australia and, combined with the rate reduction in the 2008 Budget, Territory businesses with wages costs up to \$5 million will pay the lowest payroll tax in any state.

Reducing Red Tape

Government is also making the Territory's payroll tax laws more consistent with the other states. Changes in eight key areas in 2008 will result in Territory businesses paying \$1.7 million less payroll tax.

In 2009 there will be further harmonisation when the Territory aligns its payroll tax legislation with the other states, resulting in more payroll tax savings of \$3 million.

These changes will reduce the compliance burden on Territory businesses, particularly those operating across state borders.

Business

Lowest Taxes for Territory Business

The Territory remains the lowest taxing jurisdiction for small and medium businesses. The Territory has the highest tax-free payroll threshold at \$1.25 million, a lower rate of payroll tax, and no land tax or fire and emergency services levies.

Businesses with up to 100 staff will pay the lowest recurrent taxes in Australia.

Total recurrent taxes for a business with 100 staff



Strong Territory Economy

In 2008, supported by Labor Government policies that support business and growth, Territory economic growth is forecast to strengthen to **6.6** per cent and employment growth is forecast to be **2.5** per cent, underpinned by construction, resource projects and tourism growth.

Construction in 2008-09 will remain above historical averages with new projects such as:

- US \$700 million Montara, Skua and Swift oilfield developments
- \$750 million Blacktip gas field development
- \$167 million GEMCO manganese processing expansion at Groote Eylandt

Infrastructure

Budget 2008 spends a record \$870 million, bringing the total investment in infrastructure since 2001 to \$4.3 billion. The Government's program includes major housing and essential services in remote areas, Tiger Brennan Drive, Desert Knowledge Precinct, and school and health clinic upgrades.

A total of \$4.5 million is provided to develop strategic industrial land including \$2.5 million for the Darwin Business Park, \$1 million for access to the Defence Support Hub site and \$1 million for East Arm frontage land.

Defence Support

Defence projects such as housing at Lyons and the Robertson Barracks redevelopment continue to support the construction industry. The Bradshaw Field Training area project saw over \$58 million in contracts to Territory businesses. The Territory Government has allocated 54 hectares of land near Robertson Barracks to develop a Defence Force Hub.

Mining Industry Exploration

Mining exploration grew by 13.7 per cent to December 2007 and is expected to remain at high levels. Budget 2008 provides \$2.4 million more over three years for Government-industry partnerships to increase exploration in the Territory. This builds on the \$12 million provided under Bringing Forward Discovery that commenced last year.

Jobs

Budget 2008 invests \$6.5 million in targeted strategic jobs and training initiatives under Jobs Plan 3. Continuing assistance will be provided to support employers to take on additional apprentices and trainees and for equipment to support their training.