

Tuesday, 17 November 2020

PAYROLL TAX RATE CUT TO JUMP-START JOBS

Businesses will be able to hire more staff, keep their doors open and get back to business with major payroll tax relief announced today as part of the 2020-21 NSW Budget, which will set the State up for a prosperous, post-pandemic economy.

On average, businesses liable for payroll tax could save around \$34,000 a year over the next two years, which could be reinvested into additional staff, with the median part-time wage equivalent to about \$29,500 in NSW.

Since 2016-17, the Government has now cut nearly \$9 billion in taxes to help support job creation and businesses.

Treasurer Dominic Perrottet said the payroll tax rate would be cut from 5.45 per cent to 4.85 per cent for a two-year period, and will be backdated to 1 July 2020, along with the threshold being permanently increased from \$1 million to \$1.2 million.

“This is a budget that looks to the future, and the significant payroll tax relief announced today will be a real boon to businesses that have faced the triple crises of drought, bushfire and now COVID-19,” Mr Perrottet said.

“Our \$2.8 billion Budget measure will pave the way for thousands of jobs across the State and kick-start the State’s dynamic recovery, cementing us as the economic engine room of the nation.

“This is a significant change, with these tax savings set to have a major impact, encouraging employers to offer increased working hours to staff, or hire additional workers.

“Businesses are the backbone of the NSW economy and by making it easier to run a business, we are driving the State’s economic recovery and bringing back jobs.”

About 5,000 businesses are now exempt from paying payroll tax following the Government’s decision in 2017 to increase the threshold from \$750,000 to \$1 million.

It is estimated a further 3,500 businesses will be exempted with the Government’s decision to increase the threshold from \$1 million to \$1.2 million.

Minister for Finance and Small Business Damien Tudehope said the decision to increase the payroll tax threshold to \$1.2 million was a progressive step forward, building on the Government’s previous action to fast-track the increase in the payroll tax threshold from \$900,000 to \$1 million.

“The payroll tax cut means NSW will now have the equal to the lowest headline rate of payroll tax payable by businesses in any metropolitan area across Australia,” Mr Tudehope said.

“The rate reduction will be applied retrospectively, from 1 July 2020, meaning the tax benefits will start flowing immediately.

“While businesses will be entitled to a refund as a result of the rate cut, they also have the option to offset this amount against their future monthly payments.

“These are significant measures to support businesses as we invest in our people and our future and make it easier to run a business in NSW.”

The payroll tax cut and threshold increase follows the NSW Government’s decision earlier this year to provide tax waivers and deferrals to support businesses through the COVID-19 pandemic.

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