

GETTING IT DONE VICTORIAN BUDGET 16/17

Tim Pallas MP
Treasurer



Wednesday, 27 April, 2016

PAYROLL TAX CUT TO HELP BUSINESSES CREATE JOBS

Victorian businesses will receive significant tax relief, with targeted measures in the *Victorian Budget 2016/17* aimed at boosting business, creating jobs, and supporting apprentices and trainees get their qualifications.

By increasing the payroll tax threshold for the first time since 2002, we are keeping many small businesses out of the payroll tax net, relieving pressure on business owners and encouraging jobs growth.

Approximately 36,000 individual businesses across Victoria will benefit from a \$286 million payroll tax cut, with the incremental raising of the tax-free payroll threshold from \$550,000 to \$650,000. Once fully implemented, around 2,800 businesses will no longer pay any payroll tax at all.

The first increase to \$575,000 will take effect on 1 July 2016, with incremental increases until the tax-free threshold reaches \$650,000 in 2019-20.

By the time the measure is fully implemented, businesses with annual Victorian payrolls between \$4.8 million and \$31.5 million will have the lowest payroll tax burden anywhere in Australia.

Recognising the importance of trainees and apprentices completing qualifications, the Budget also includes a further payroll tax exemption to employers of displaced apprentices or trainees.

Under the new measure, wages paid by employers to a displaced apprentice or trainee will be exempt from payroll tax from 1 July 2016.

Between 4000 to 5000 apprentices and trainees are displaced from their training each year. Providing this exemption will encourage businesses to re-employ those who wish to complete their qualifications.

Ensuring that apprentices and trainees get the opportunity to complete their qualifications also strengthens confidence in the value of Victoria's training programs.

Quotes attributable to Treasurer Tim Pallas

"By reducing the payroll tax burden placed on Victorian businesses we're allowing them to expand, hire more staff, and boost jobs and investment."

"By the time it is fully implemented, businesses with an annual payroll of between \$4.8 million and \$31.5 million will have the lowest payroll tax burden in the country."

Quotes attributable to Minister for Small Business, Innovation and Trade Philip Dalidakis

"Victoria's small business sector is the backbone of our economy. This payroll tax cut will go a long way to making sure small and medium sized enterprises are in a better financial position to focus on what they do best – building their businesses and creating jobs for Victorians."

Quotes attributable to Minister for Training and Skills Steve Herbert

"We want to help apprentices and trainees finish their qualifications, and this incentive for Victorian business will give people a better chance to do just that."