



**NSW BUDGET PAYROLL TAX REDUCTIONS - A 30 YEAR PATHWAY TO ZERO - DON'T GO FAR ENOUGH, BUT PATERNITY MEASURES ARE WELCOME**

The reduction in payroll tax as handed down by NSW Treasurer Eric Roozendaal is welcome, particularly the exemption for paternity leave, however, the measures doesn't go far enough with NSW remaining the third highest taxed state in terms of payroll and, therefore, less competitive than Victoria and Queensland, said Pitcher Partners partner John Ross.

Mr Ross said the payroll tax rate reduction announced in the Budget from to 5.65% to 5.5% was 'not substantial'. He said that while the payroll exemption threshold had increased to \$658,000 from \$638,000 with wage rises expected to increase by 5% this meant that more businesses would be caught in the payroll tax net.

"This is a relatively small reduction in the payroll tax rate and fails to match rates in Queensland and Victoria. As we can see from the Pitcher Partners Payroll Tax Review 2010, NSW continues to be the third highest tax state for payroll tax a factor that business considers when establishing new businesses and means we could lose businesses and skilled people to other States as a result.

"Payroll tax was supposed to be eliminated as the quid pro quo deal for GST being handed to the States. At this rate of reduction payroll tax will be with us for another 30 years."

Mr Ross said the payroll tax exemption for paternity leave payments was a welcome Budget measure which extended the exemption for paternity leave in line with other States.

"Paternity leave exemption is a sensible move by the State Government and recognises social changes in the way NSW families deal with careers and work-life balance," Mr Ross said. END

*Pitcher Partners, including Johnston Rorke, is an association of independent firms. An independent member of Baker Tilly International.*

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**Pitcher Partners State Payroll Tax Review 2010**

**ARE YOU LIABLE?**

**2009/2010 Rates/Thresholds**

**State Threshold\* Tax Rate**

VIC	\$ 550,000	4.95%
NSW	\$ 638,000	5.75% (Jul – Dec) 5.65% (Jan – Jun)
QLD	\$1,000,000	4.75%

ACT	\$1,500,000	6.85%
SA	\$ 600,000	4.95%
NT	\$1,250,000	5.9%
WA	\$ 750,000	5.5%
TAS	\$1,010,000	6.10%

*\*Australia wide wages used to determine liability*

## **WILL YOU BE LIABLE?**

### **2010/2011 Rates/Thresholds**

<u>State</u>	<u>Threshold*</u>	<u>Tax Rate</u>
VIC	\$ 550,000	4.90% (Minor rate decrease)
NSW	\$ 658,000	5.5% (5.45% from 1 January 2011)
QLD	\$1,000,000	4.75% (Budget handed down 8 June)
ACT	\$1,500,000	6.85%(Unchanged)
SA	\$ 600,000	4.95% (Budget handed down 16 September)
NT	\$1,250,000	5.9% (Unchanged – rate will reduce in 2012)
WA	\$ 750,000	5.5% (Unchanged)
TAS	\$1,010,000	6.10% (Budget handed down 17 June)

*\*Australia wide wages used to determine liability*