

TREASURER TOM KOUTSANTONIS

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Payroll tax rebate extended for four years

The State Government's small business payroll tax rebate will be extended for an additional four years, saving eligible small businesses up to \$9,800 each year.

The extension of the payroll tax rebate to 2019-20 comes after the rebate was extended for 12 months in the last State Budget.

The rebate effectively halves the payroll tax rate for businesses with a taxable payroll less than \$1 million.

Background

The rebate provides payroll tax savings to eligible employers with a taxable Australian payroll of less than or equal to \$1.2 million. The rebate eligibility criteria will remain unchanged. Eligible employers will receive the rebate following the finalisation of the previous financial year's payroll tax annual reconciliation process.

Since 2004, the State Government has progressively cut the payroll tax rate from 5.67 per cent to 4.95 per cent, and increased the tax-free threshold from \$504,000 to \$600,000.

The payroll tax rebate was first announced in the 2013-14 State Budget to give employers a temporary payroll tax rate cut of up to 2.45 percentage points for taxable payrolls up to \$1 million, with the concession phasing out for payrolls between \$1 million and \$1.2 million. The extension of the payroll tax rebate follows on from last year's budget, where the State Government delivered more than \$900 million of tax cuts for businesses and the community.

The savings to businesses

Annual payroll \$	Payroll tax without rebate \$	Payroll tax with rebate \$	Savings to business \$
650 000	2 475	1 250	1 225
700 000	4 950	2 500	2 450
800 000	9 900	5 000	4 900
900 000	14 850	7 500	7 350
1 000 000	19 800	10 000	9 800
1 050 000	22 275	13 500	8 775
1 100 000	24 750	17 500	7 250
1 150 000	27 225	22 000	5 225
1 200 000	29 700	27 000	2 700

Rebate rates based on taxable payrolls

Annual Taxable Payroll (\$)	Statutory Tax Rate (%)	Rebate Rate (percentage points)
600,000 to 1,000,000	4.95	2.45
1,000,001 to 1,050,000	4.95	1.95
1,050,001 to 1,100,000	4.95	1.45
1,100,001 to 1,150,000	4.95	0.95
1,150,001 to 1,200,000	4.95	0.45
Above 1,200,000	4.95	-

Quotes attributable to Treasurer Tom Koutsantonis

South Australia is the lowest cost place in Australia to run a business and our competitive payroll tax regime is a key component of that.

South Australia has the lowest payroll tax effort in Australia and this rebate gives further relief to South Australian small businesses, which are the life blood of our economy.

Small businesses are the biggest employers in this state and we are backing them during the transition of our economy away from traditional manufacturing.

The rebate effectively halves the payroll tax rate for businesses with a taxable payroll less than \$1 million and gives small businesses the freedom to invest, grow and employ more staff.

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