

TREASURER TOM KOUTSANTONIS

Announced: Wednesday, 21 June 2017

New payroll tax rate for small businesses

The 2017-18 State Budget will legislate a new permanent payroll tax rate of 2.5 per cent in South Australia for small businesses.

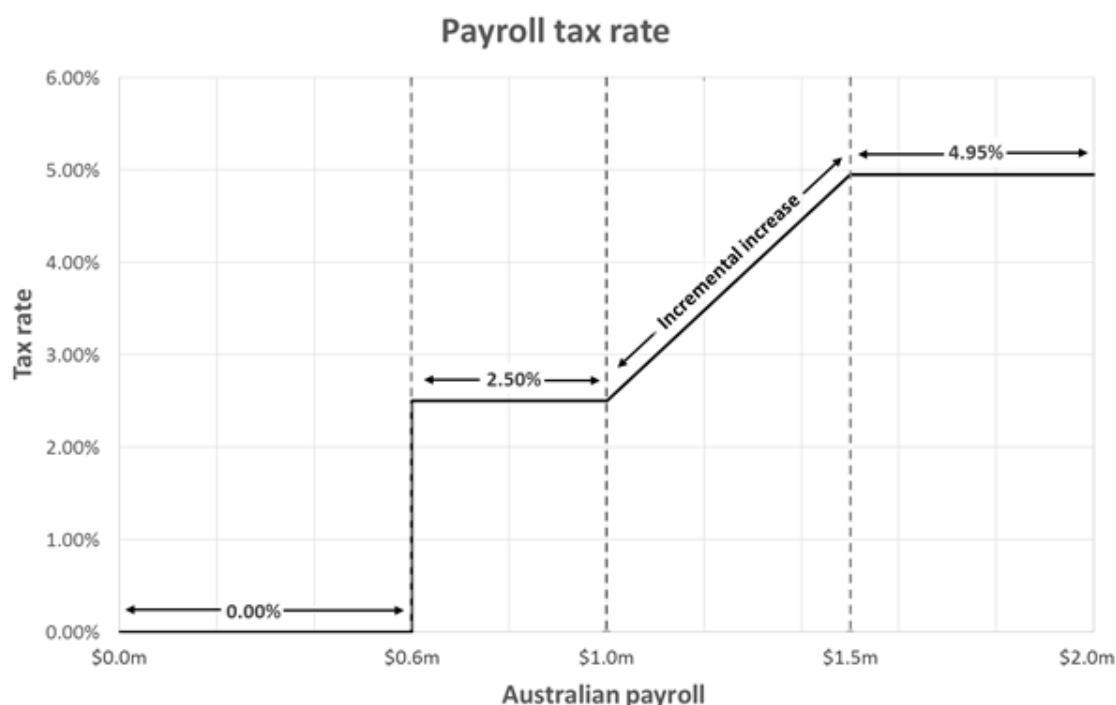
The new rate will benefit about 1900 small businesses with payrolls between \$600,000 and \$1 million.

The changes to legislation will also extend payroll tax discounts and make them permanent for businesses with payrolls between \$1 million and \$1.5 million.

This will benefit an additional 1300 businesses in this bracket by up to \$8820 each year.

Under the current temporary payroll tax rebate, discounts phase out for businesses with payrolls between \$1 million and \$1.2 million.

The new payroll tax rate structure will apply from 1 July 2017, with the measure forecast to cost about \$45 million over four years.



Background

The new payroll tax rate for small businesses replaces the temporary small business payroll tax rebate, locking in discounts of up to \$9800 each year for small businesses with payrolls below \$1 million and removing the red tape of the rebate scheme.

Employers with annual payrolls between \$1 million and \$1.5 million will benefit by up to \$8800 from this measure each year, compared with the assistance received under the small business payroll tax rebate.

Employers eligible for the small business payroll tax rebate will still receive the rebate in 2017-18 (which is based on 2016-17 payrolls).

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.

A payroll tax rebate was announced in the 2013-14 State Budget to give employers a temporary payroll tax rate cut of up to 2.45 per cent for taxable payrolls up to \$1 million, with the concession phasing out for payrolls between \$1 million and \$1.2 million.

The rebate was extended in following budgets. This measure locks in and expands that payroll tax rebate.

In South Australia, medium and large businesses already pay less payroll tax than almost all other Australian states.

Quotes attributable to Treasurer Tom Koutsantonis

Small businesses are the biggest employers in South Australia and are crucial to creating jobs in our economy.

By permanently cutting payroll taxes for small businesses, we can give them the freedom and confidence to expand and take on more staff.

We are also extending payroll tax discounts to about 1300 businesses with payrolls up to \$1.5 million, enhancing South Australia's credentials as an attractive, low-cost jurisdiction in which to operate.

Our economy faces challenges as the closure of Holden approaches. This State Budget is about creating new opportunities by supporting key growth industries, and giving our businesses the confidence to invest and grow.

With payroll tax relief and Job Accelerator Grants available for each new employee, now is a great time for businesses to consider expanding and employing more staff.

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