



The Hon John Brumby MP
Treasurer



The Hon Michael Costa MP
Treasurer

NSW and Victorian Governments Cut Red Tape with Historic Pay-roll Tax Reform

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Red tape for thousands of businesses in Victoria and NSW will be drastically cut following the announcement today of an historic cross-border pay-roll tax reform.

NSW Treasurer Michael Costa and Victorian Treasurer John Brumby said the far-reaching reforms would halve pay-roll tax paperwork for around 8,000 businesses with operations on both sides of the Murray.

Although both States will continue to set their own rates and thresholds, from 1 July Victoria and NSW will have the same definitions, standardised laws and common eligibility.

The changes will also benefit all businesses in Victoria and NSW through streamlined administrative arrangements and the expected development of standardised software.

Mr Costa said the changes were great news for businesses and their employees.

“Red tape is the number one concern of business in both NSW and Victoria,” Mr Costa said.

“That’s why our Governments got together to reduce costs for businesses operating in both States by harmonising laws and regulations.

“The lemma Government will adopt a number of provisions in Victoria’s law, including an exemption from pay-roll tax for maternity and adoption leave payments.

“This will make it cheaper for employers to provide leave for new parents, a move that is sure to be welcomed both by employers and young families.”

Mr Brumby said the changes would make it easier for businesses and their financial advisers to deal with state revenue offices.

“Both Victoria and NSW are committed to working together to respond to the concerns of business,” Mr Brumby said.

“And cutting business costs is an integral part of supporting jobs and economic growth.

“The Bracks Government is adopting the NSW approach to pay-roll tax for our hard-working emergency services volunteers.

“This means employers no longer pay pay-roll tax on employees who are away working as volunteer firefighters or responding to other emergencies.”

Leading business solutions provider MYOB said the changes would lighten the compliance burden on many Victorian and NSW businesses.

“In the January 2007 MYOB Australian Small Business Survey 19 per cent of respondents ranked pay-roll tax as one of the top three ‘red tape’ burdens on their business,” Mr Reed said.

“This is a very high figure when you consider some respondents don’t even have employees

“However, the use of common provisions in Victoria and NSW should help provide some relief in this area and lead to reduced compliance costs for those businesses.”

Victoria and NSW will also examine introducing a ‘one-stop shop’ for businesses liable for pay-roll tax in both States and the creation of common pay-roll tax forms.

“Greater harmonisation will make pay-roll tax easier to administer for the 8,000 businesses with operations in both of our States,” Mr Brumby said.

“The development of more efficient administrative processes through e-commerce already delivers significant benefits for business.

“By developing common arrangements in both States we can increase efficiency and cut costs even further.”

Mr Costa said NSW and Victoria make up around 60 per cent of the Australian economy, and are home to approximately 57,000 of the country’s 95,000 pay-roll tax paying businesses.

“The combined size of the Victorian and NSW economies mean today’s decision represents a significant change in tax policy in Australia,” Mr Costa said.

“While the Commonwealth continues to ignore the kind of far-reaching tax reform our country needs, Victoria and NSW are getting on with the job of making our tax arrangements more efficient and less of a burden on economic growth.”

NSW and Victoria remain committed to pay-roll tax harmonisation with all States and Territories.

State revenue offices will continue to consult with business in refining the detail of the initiatives.