



T R E A S U R E R

MEDIA RELEASE

More certainty for business in national payroll tax reforms

NSW businesses will be given greater certainty under new national payroll tax reforms introduced to the State Parliament today.

NSW Treasurer Eric Roozendaal said agreement has been reached across Australia to implement new uniform payroll tax rules.

“This means a business will pay payroll tax in the state where a worker lives, ending confusion for businesses and giving employers more certainty,” Mr Roozendaal said.

Employers in the past have reported confusion when paying wages to employees who work in more than one state in a month, such as in the airline and trucking industries.

Payroll tax will be paid to the state or territory where the worker lives.

In cases where the worker does not reside in Australia, tax is to be paid to the jurisdiction where the registered Australian Business Number address of the employer is located.

The new rules came into effect on July 1, and will be backdated.

The states and territories are progressively legislating the new arrangements, with the NSW laws introduced to the NSW Legislative Assembly today.

The NSW Government cut payroll tax in January 2009 to 5.75 per cent and will cut payroll tax again on January 1, 2010 to 5.65 per cent.

More than 90 per cent of NSW businesses did not pay any payroll tax in 2008-09.

The legislation also contains amendments that further implement landholder duty.

The amendments effectively raise the threshold for liability to landholder duty.

Previously the threshold was \$2 million of improved land, and following this amendment, the liability test will be applied to the unimproved value of land.

This will provide tax relief on acquisitions of interests in smaller companies.