



T R E A S U R E R

STATEMENT

NSW payroll tax cuts: the facts

NSW Treasurer Eric Roozendaal today reaffirmed the NSW Government's commitment to permanently cut payroll tax rates to boost business confidence.

"NSW cut payroll tax rates in January this year, and a further two cuts will follow over the next 20 months," Mr Roozendaal said.

"These cuts, along with indexation of the payroll tax threshold, represent a \$1.9 billion stimulus to the NSW economy over the four years to 2011-12 and come on top of our record \$56.9 billion infrastructure investment.

"These cuts are permanent – unlike Barry O'Farrell's proposal, which is temporary and disappears after one year."

The payroll tax rate is being reduced in three stages, having started from 1 January this year:

- from 6 per cent to 5.75 per cent from 1 January 2009
- from 5.75 per cent to 5.65 per cent from 1 January 2010, and
- from 5.65 per cent to 5.5 per cent from 1 January 2011.

From 1 July 2008, the payroll tax threshold was increased to \$623,000 – that means a company with a payroll less than this figure pays no payroll tax.

Mr Roozendaal said fewer than 10 per cent of businesses in NSW pay payroll tax.

A business with a \$1 million payroll in 2008-09 will save around 20 per cent of their payroll tax bill when the new tax rates and indexed threshold are fully implemented.

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