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MEDIA RELEASE

Saturday, 16 June 2018

NSW BUDGET 2018: PAYROLL TAX CUTS MEAN BOOM TIME FOR NSW BUSINESSES

NSW businesses will receive a boost to their bottom lines with \$881 million to be returned to their pockets in payroll tax cuts over the next four years.

As part of this month's State Budget, the NSW Government will lift the payroll tax threshold from the current level of \$750,000 to \$1 million by 2021-22.

The threshold, the point at which companies start paying payroll tax, will rise to \$850,000 in 2018-19, \$900,000 in 2019-20, \$950,000 in 2020-21 and \$1 million in 2021-22.

Nearly 40,000 businesses will save up to \$5,450 each in 2018-2019 and up to \$13,625 per business in 2021-22.

"Business is the lifeblood of our economy and this Government is committed to ensuring that NSW is the best place to do business," NSW Treasurer Dominic Perrottet said.

"Businesses that consistently have payrolls over \$1 million will save more than \$120,000 over the next decade from the lifting of the payroll tax threshold, which is money that can be reinvested back into businesses."

Minister for Small Business John Barilaro said raising the threshold would take immediate pressure off businesses who are looking to grow and expand their workforce.

"This time last year, through the Small Business Strategy, we committed to looking at options to alleviate the pressure of taxation for businesses. 12 months later we have a commitment to lift the payroll taxation threshold to achieve just that," Mr Barilaro said.

"As a former small business operator myself, I know how tough it can be to run a small business, and so now as Minister responsible for the sector, I want to make life as easy as possible for those people who take on the responsibility of running a business and creating work opportunities for others.

“The lifting of the payroll tax threshold will not only save business owners money, it will save them time and give them the opportunity to take on that extra staff member, or pursue new ideas to grow their business.”

To further help business, the Government announced the Review of Payroll Tax Administration earlier this year.

The purpose of the review, which is being led by the newly appointed Productivity Commissioner, is to reduce the administrative burden on businesses.

The NSW Business Chamber has estimated businesses spend more than \$10 billion a year complying with regulations across Government.

The increase to the payroll tax threshold means more than 5,000 businesses will no longer need to meet payroll tax compliance costs by 2021-22.

Using the NSW Business Chamber’s estimates - that’s roughly an estimated \$50 million saving for businesses on administration costs on top of their tax saving.

The Review of Payroll Tax Administration’s consultation paper is currently available on the **NSW Treasury (<https://www.treasury.nsw.gov.au/projects-initiatives/review-payroll-tax-administration>)** website.

NSW Treasury is seeking the views of stakeholders with final submissions due on 6 July 2018.

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