

Question on Notice

No. 787

Asked on 15 November 2012

MR DILLAWAY ASKED THE TREASURER AND MINISTER FOR TRADE (MR NICHOLLS)—

QUESTION:

Will the Treasurer outline how the increase in the payroll tax threshold in 2012-13 from \$1m to \$1.1m will benefit businesses in the Bulimba Electorate?

ANSWER:

From 1 July 2012 the threshold for payroll tax has been increased from \$1 million to \$1.1 million, further increasing the competitiveness of Queensland's tax system, reducing the tax burden on employers and supporting the jobs of thousands of Queenslanders.

This change means that businesses in Bulimba, and indeed anywhere in Queensland, with payrolls under \$1.1 million are fully exempt from payroll tax and businesses with payrolls up to \$5.5 million pay less payroll tax.

The threshold increase also provides some room for small businesses that were on the verge of the \$1 million threshold to provide wage increases or take on additional employees without becoming liable for payroll tax.

As per the Government's election commitments, further increases in the payroll tax threshold are planned in annual \$100,000 increments until the threshold reaches \$1.6 million.

Queensland has the lowest payroll tax rate in Australia and the highest payroll tax threshold of any state, as shown in the table below.

| Payroll Tax Rates and Thresholds, 2012-13 | | | | | | | | |
|---|-------|------|------|-----------------|------|-------|-------|-------|
| | QLD | NSW | VIC | WA ¹ | SA | TAS | ACT | NT |
| Exemption Threshold (\$000) | 1,100 | 689 | 550 | 750 | 600 | 1,010 | 1,750 | 1,500 |
| Tax Rate (%) | 4.75 | 5.45 | 4.90 | 5.50 | 4.95 | 6.10 | 6.85 | 5.5 |
| Note: 1. In 2012-13 only, a rebate of payroll tax payable in Western Australia will apply to payrolls up to \$1.5 million. | | | | | | | | |