



Robyn Preston MP

Member for Hawkesbury

MEDIA RELEASE

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PAYROLL TAX RATE CUT TO JUMP-START JOBS

Member for Hawkesbury, Robyn Preston MP, has welcomed major payroll tax relief in the 2020-21 NSW Budget which will enable businesses to hire more staff, keep their doors open and focus on recovery in the post-pandemic world.

On average, businesses liable for payroll tax could save around \$34,000 a year over the next two years, which could be reinvested into additional staff, with the median part-time wage equivalent to about \$29,500 in NSW.

Ms Preston said the tax savings would have a major impact on businesses, enabling employers to offer increased working hours to staff, or hire additional workers.

“This important measure will greatly assist our local businesses in Hawkesbury to recover from what has been a very difficult time,” Ms Preston said.

Since 2016-17, the Government has now cut nearly \$9 billion in taxes to help support job creation and businesses.

Treasurer Dominic Perrottet said the payroll tax rate would be cut from 5.45 per cent to 4.85 per cent for a two-year period, and will be backdated to 1 July 2020, along with the threshold being permanently increased from \$1 million to \$1.2 million.

“This is a budget that looks to the future, and the significant payroll tax relief announced today will be a real boon to businesses that have faced the triple crises of drought, bushfire and now COVID-19,” Mr Perrottet said.

“Our \$2.8 billion Budget measure will pave the way for thousands of jobs across the State and kick-start the State’s dynamic recovery, cementing us as the economic engine room of the nation.”

About 5,000 businesses are now exempt from paying payroll tax following the Government’s decision in 2017 to increase the threshold from \$750,000 to \$1 million.

It is estimated a further 3,500 businesses will be exempted with the Government’s decision to increase the threshold from \$1 million to \$1.2 million.

Minister for Finance and Small Business Damien Tudehope said the decision to increase the payroll tax threshold to \$1.2 million was a progressive step forward, building on the Government’s previous action to fast-track the increase in the payroll tax threshold from \$900,000 to \$1 million.

“The payroll tax cut means NSW will now have the equal to the lowest headline rate of payroll tax payable by businesses in any metropolitan area across Australia,” Mr Tudehope said.

The rate reduction will be applied retrospectively from 1 July 2020.