



**Tim Pallas MP**  
Treasurer

Tuesday 24 November 2020

## **GIVING BUSINESS A TAX BREAK TO CREATE JOBS**

Victorian businesses will be supported to create more jobs – helping owners, workers and their families as we recover from the pandemic.

The efforts of hard-working Victorian businesses have been critical in keeping our state safe – so it's critical we keep supporting them to bounce back.

The *Victorian Budget 2020/21* invests \$1.5 billion in new tax relief for Victorian businesses and families.

This builds on the Andrews Labor Government's existing support, with a total of more than \$3.5 billion in tax and fees relief to Victorian workers, businesses and households to help them through the pandemic and recovery.

It includes the New Jobs Tax Credit, which supports those small and medium businesses that rehire staff, restore hours or create new jobs.

Under the plan, these businesses will get a tax credit of ten cents for every dollar it increases taxable Victorian wages – giving businesses the confidence they need to open their doors, hire more staff and re-emerge from the pandemic.

This incentive means the more these businesses re-hire staff and employ new workers, the less payroll tax they'll have to pay. This emergency tax relief measure will be available for two years, saving businesses a combined \$836 million and helping to support an estimated 9,400 people back into employment.

It's on top of the more than \$1 billion in payroll tax refunds and waivers the Labor Government has provided since the pandemic began.

The last thing small businesses need right now is to be worried about cash flow. It's why we are already allowing small and medium businesses to defer their 2020-21 payroll tax until next financial year, providing a \$1.7 billion boost for businesses.

Now we'll build on this support by increasing the threshold for annual payroll tax payment from 1 July 2021. As a result, up to 7,000 extra businesses will now be able to pay their payroll tax annually, rather than monthly, cutting red tape and boosting their cash flow.

Home has been more important than ever this year. To help more Victorian families buy the home of their dreams, and boost Victoria's property market, the Budget invests more than \$293 million in tax relief.

This support will provide waivers of up to 50 per cent on stamp duty for homes valued at up to \$1 million for contracts entered into from tomorrow until 30 June 2021.

To help support our construction industry and its workers, relief will be targeted at newly built or 'off-the-plan' homes, which will receive a 50 per cent waiver. Existing homes will be eligible for a 25 per cent waiver.

This relief is over and above existing concessions. A first home buyer, for example, purchasing an existing home worth \$700,000 would be eligible for both the first home buyer duty concession and then the new 25 per cent waiver, totalling tax relief of more than \$18,500.

In a bid to lure businesses to regional Victoria, a 50 per cent stamp duty concession on the purchase of commercial and industrial properties will be brought forward to January 2021 – encouraging more businesses to open, relocate or expand, and helping our hard-hit regional economies bounce back. This investment will save businesses a further \$39.6 million.

Thanks to the Labor Government, payroll tax in regional Victoria is already reducing to 25 per cent or less than half the metropolitan rate – the lowest anywhere in Australia.

The construction industry gets a boost too, with land tax discounts of 50 per cent for build-to-rent developments to help kickstart the sector in Victoria and provide greater choice and a stable new alternative for renters.

The Budget will also make things fairer for motorists, with drivers of zero and low-emission light vehicles to pay a modest, distance-based charge in lieu of fuel excise. The existing \$100 registration concession will remain for these vehicles only.

The reform balances the needs of all road users to make a fair contribution to the Labor Government's record investment in our roads networks. The Budget invests more than \$45 million to accelerate the adoption of zero and low-emission vehicles.

#### **Quotes attributable to Treasurer Tim Pallas**

*"There is no sugar-coating it, this pandemic has hit businesses hard. This support will help them open their doors, get back on their feet and employ more Victorians."*

*"With a waiver on stamp duty, we'll help more Victorians find their home and get more Victorians back to work."*