



Tim Pallas MP

Treasurer

The Hon Jaala Pulford MP

Minister for Small Business

Thursday, 20 May 2021

SUPPORTING VICTORIAN BUSINESSES, HOME BUYERS AND MENTAL HEALTH

The Andrews Labor Government will give much needed tax cuts to first home buyers trying to crack into the property market and to businesses across the state, in a bid to boost Victoria's economic recovery as part of the *Victorian Budget 2021/22*.

This year's Budget also delivers a transformational investment that will fundamentally reform how mental health care is offered in Victoria. This investment will see care offered in local communities, dedicated support for our kids and more help for regional Victorians.

Ensuring we protect the long-term future of this funding, a new dedicated revenue measure is included in this year's Budget. The Mental Health and Wellbeing Levy will apply to businesses with more than \$10 million in wages nationally from 1 January 2022.

Affecting less than 5 per cent of employers, this revenue measure is expected to raise around \$900 million per year by 2024-25.

Businesses will need to pay 0.5 per cent for every \$1 of wages they pay above \$10 million and a further 0.5 per cent for every \$1 of wages they pay above \$100 million. Existing payroll tax exemptions for private schools, hospitals, charities, local councils, and wages paid for parental and volunteer leave will apply for the Levy.

Revenue collected from the Levy will be ringfenced – meaning it can only be invested in improving our mental health system.

The Royal Commission's interim report estimated that the economic cost of poor mental health to Victoria was \$14.2 billion every year – \$1.9 billion of which was a direct cost to employers.

But tragically – and far too often – the ultimate cost of failure is measured in human lives.

With dedicated investment protecting the long-term funding and future of Victorians' mental health and wellbeing, this Budget will change lives and it will save lives.

As the Labor Government continues to support Victorians as we recover from the pandemic, many new home buyers will also pay less stamp duty and thousands of businesses will save on payroll tax next year.

Home buyers buying off-the-plan will also be able to save money, with the off-the-plan stamp duty concession to temporarily increase to \$1 million. The increased threshold will apply for contracts entered into from 1 July 2021 to 30 June 2023.

For new residential properties in the Melbourne local government area that have been unsold for less than 12 months, a new 50 per cent concession will apply for contracts entered into from 1 July 2021 to 30 June 2022.

Victorians buying new residential property worth up to \$1 million in the Melbourne local government area will get a concession of up to 100 per cent on stamp duty if the property has been unsold for more than 12 months, for contracts entered into from 21 May 2021 to 30 June 2022.

The Labor Government will also help the construction sector by extending the vacant residential land tax exemption from one to two years for new developments.

Owners of taxable landholdings valued at less than \$300,000 will no longer pay land tax, with the tax-free threshold for general land tax rates to increase from \$250,000 to \$300,000 from 1 January 2022. This will provide a tax cut for an estimated 60,000 taxpayers next year.

Hardworking Victorian businesses have been critical to our recovery and we will support them with payroll tax breaks that will save them millions.

The Labor Government will bring forward increases in the payroll tax-free threshold, from \$650,000 to \$700,000, starting on 1 July 2021.

This means hundreds of businesses will no longer have to pay payroll tax in 2021/22, while a further 42,000 businesses will pay less tax next year.

The Labor Government will also help regional businesses by bringing forward the full reduction to the regional employer payroll tax rate to 1.2125 per cent – down to a quarter of the metropolitan rate – kicking in from 1 July 2021.

This is a year earlier than previously planned, saving money for around 4,000 regional businesses next year.

Announced last week, this year's Budget will also make the State's tax system fairer and more progressive, with \$2.7 billion in targeted measures that will see those at the top make a larger contribution to funding the services the community needs.

Quotes attributable to Treasurer Tim Pallas

"We're helping everyday Victorians get into the property market with stamp duty cuts and concessions on new homes, so they have more left in their pockets as they get on with their lives after a stressful year."

"This support will cut payroll tax bills for thousands of Victorian businesses, helping them recover from the pandemic, take on more staff and get back on their feet."

"Making sure we're looking after Victorians' mental health makes sense on a very personal level, but also on an economic level too. This measure will save billions for our economy – and most importantly, save lives."

Quotes attributable to Minister for Small Business Jaala Pulford

"We have stood with small businesses all the way through the pandemic and we are with them as the recovery gains momentum."

"This means more money in the pockets of business owners and a greater capacity to expand and grow jobs."