

Media Release

The Hon Natalie Hutchins MP
Minister for Education
Minister for Women



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FAIRNESS IN PAYROLL TAX FOR NON-GOVERNMENT SCHOOLS

Victoria's highest-fee non-government schools will be subject to new payroll tax provisions that will bring them into line with government schools from next year.

Every government school in Victoria pays payroll tax – and high-fee non-government schools will also contribute – with the threshold set at a higher level to ensure lower-fee schools are not affected.

Non-government schools with income per student of more than \$15,000 – less than 10 per cent of non-government schools – will be subject to payroll tax under laws that come into effect on 1 July 2024, as a sensible and targeted measure to support recovery of emergency COVID spending over the past three years.

The vast majority of non-government schools – more than 660 – will remain exempt, with 60 schools (or 8 per cent) coming under the new provision that was foreshadowed in the *Victorian Budget 2023/24*.

The assessment of income takes into account the fees and charges that non-government schools levy all families. Fee reductions for scholarships and other financial relief to families in financial difficulty will reduce the schools' average fees and charges.

Under the changes, the Minister for Education has determined the list of non-government schools to be declared exempt from payroll tax. These will be declared in the Government Gazette and listed on Department of Education and State Revenue Office websites.

Schools that will be liable for payroll tax are listed at vic.gov.au/payroll-tax-non-government-schools.

The \$15,000 threshold will be set in place until at least 1 January 2029 to give schools certainty when planning their budgets. New non-government schools opening between now and 2029 will also be assessed against the threshold.

The Department of Education will work with non-government schools to make sure the system is well understood.

The Andrews Labor Government provides around \$1 billion in funding for operating expenses to non-government schools each year. Victorian Government funding for non-government school students has grown by 8 per cent per student in real terms since 2014-15.

The Budget also invests \$450 million over four years to continue the Non-Government Schools Capital Fund, which supports new builds and upgrades at low-fee Catholic and Independent schools. The funding builds on \$522 million previously invested in non-government school infrastructure since 2015.

Quotes attributable to Minister for Education Natalie Hutchins

"We're making sure exemptions from payroll tax flow to the schools that genuinely need support."

"We continue to support non-government schools through programs like a \$450 million investment for new buildings and upgrades in this year's Budget."

Quote attributable to Treasurer Tim Pallas

"Every government school in Victoria pays payroll tax – it's only fair that the highest-fee private schools now also contribute."

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