



Payroll tax cut for NSW businesses!

It's good news. The NSW government has recently cut taxes for small to medium-sized business by adjusting the threshold on payroll tax. Nearly 40,000 small businesses in NSW are now up to \$8,175 better off per year following a second cut to payroll tax in 12 months.

In NSW, the payroll tax bracket was lifted from \$850,000 to \$900,000 on July 1. The existing threshold of \$850,000 in wages paid – beyond which the tax applies – will be raised progressively to \$900,000 in 2019-20 and to \$1.0 million in 2021-22. Each state and territory has its own payroll tax legislation, with different rates and thresholds.

The NSW government has forecast that it expects 40,000 businesses in NSW will have their payroll tax reduced and that 5,000 businesses are set to eventually pay no payroll tax at all.

NSW businesses will save \$187 million in taxes this year, and a further \$571 million over the next two years.

What is payroll tax?

Payroll tax is a state tax. It's assessed on the wages paid or payable to employees by an employer (or group of employers) whose total Australian taxable wages exceed the threshold amount. Payroll tax is levied by the state government on wages paid to employees by an employer above a threshold. The payroll tax rate in NSW is 5.45 percent.

Rates and thresholds

1 July 2019 to 30 June 2020 - \$900,000 Threshold
1 July 2020 to 30 June 2021 - \$950,000 Threshold
1 July 2021 to 30 June 2022 - \$1 million Threshold

How often do businesses pay payroll tax?

Businesses have had to pay monthly installments of payroll tax, however, with the changes, businesses with tax liabilities of up to \$20,000 are required to file a single, annual report from July next year.

Larger businesses, with a payroll tax liability under \$150,000, will be required to submit one annual return and make pre-set monthly installment payments, based on the previous year's liability.

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From April 2020 some compliance penalties will be reduced, delivering expected savings to businesses of around \$400,000 in total each year. Firms will also be given an extra week to complete their annual reconciliation requirements, starting with this financial year.

Need help with your payroll tax?

ITP The Income Tax Professionals are fully qualified accountants who have further studied the intricate laws, rules and regulations of the complex area of tax. With over 240 offices throughout Australia, they serve over 300,000 individual Australians and help countless businesses of all sizes with their tax, financial planning and bookkeeping.

ITP The Income Tax Professionals are more than tax agents. They have been helping Australian individuals and businesses with their business accounting and advice for 50 years and offer a wealth of knowledge. Speak to a Professional today and see how your business can be more profitable.



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www.itp.com.au
1800 367 487