



ACT Government

Cutting millions off Canberrans' tax bill

Embargoed until 1 May 2001

The ACT Government's 2001-02 Budget, for the first time in the 12 years of self-government, **provides for real tax cuts to the Canberra community**, making the ACT a cheaper place to live and build a business.

From 1 July 2001, the Government will lift the tax-free threshold for businesses paying **payroll tax**, providing real incentives to employ more workers.

The threshold will rise from \$900,000 to **\$1.25 million**, meaning businesses will pay no payroll tax on the first \$1.25m of their payroll. Businesses with payrolls lower than this amount will pay no tax at all. The threshold will further rise to \$1.5m on 1 July 2002.

"The ACT now has the highest payroll tax threshold in Australia, reducing the costs of doing business for all businesses in the ACT," Treasurer Gary Humphries said.

As part of the national tax reform, from 1 July 2001, **duty on quoted marketable securities and Financial Institutions Duty (FID) will be abolished**.

This measure will reduce transaction costs for businesses, and individuals, on their daily banking and transfers of listed shares.

Taking into account suggestions from the community, the Government has decided to **return \$10 million dollars** to the Canberra community by way of a **reduction in motor vehicle registration** fees and charges (resulting in a reduction of \$58 per annum for each vehicle registration – *see separate release*).

In addition, the **Insurance levy is to be removed** from 1 July 2001, returning \$10 million to insurance policy holders. Legislation to repeal the levy was passed by the Assembly on 29 March 2001, and the Insurance Council of Australia has already foreshadowed the move will result in a lowering of insurance premiums to Canberrans.

"These financial returns to the community are only possibly through the Government's responsible financial management.

"After several years of difficult financial decisions to peg back the \$344m operating loss legacy left by the Labor Party, we are now delivering a balanced budget position to the people of Canberra and returning tangible financial dividends to the community.

"The tax and fee changes to be implemented in 2001-2002 will benefit all Canberrans by providing real relief in areas such as everyday banking costs and motor vehicle registration charges, while payroll and FID reforms will make ACT businesses more competitive," Mr Humphries said.

Statement ends
Media Contact:

Craig Allen (02) 6205 0022, 0412 487 504
Craig.allen@act.gov.au