



# Highlights

## Keeping taxes competitive

**Queensland maintains its tax competitiveness, with Queenslanders paying an average of \$400 less state tax than taxpayers in other states and territories**

In 2009-10 State tax collections are expected to be \$2,087 per capita – \$400 lower than the average \$2,487 per capita for other states and territories.

Other measures of tax competitiveness, such as taxation effort and taxation as a share of gross state product, highlight that Queensland's tax rates are highly competitive with other states.

One of the Queensland Government's key fiscal objectives is to maintain a competitive tax environment. The Government recognises the importance of a competitive tax environment to promote economic development and jobs growth. To this end, despite estimates for taxation, royalties and goods and services tax revenue being revised down by \$15 billion across the period 2008-09 to 2011-12, there are no taxation or royalty revenue increases in this Budget. A number of planned measures announced in the *Mid Year Fiscal and Economic Review* will commence.

In the 2008-09 Budget, the transfer duty exemption threshold for first home buyers purchasing established homes was increased to \$500,000. The exemption threshold for first home buyers purchasing vacant land is \$150,000. To encourage demand in the housing sector, this Budget includes:

- an increase in the threshold for first home buyers purchasing vacant land from \$150,000 to \$250,000, providing savings of up to \$5,675
- extending the concession for first home buyers purchasing vacant land valued at up to \$400,000.

Queensland currently has a highly competitive payroll tax regime. The overall payroll tax rate of 4.75% is the lowest of any state and the exemption threshold of \$1 million is among the highest thresholds in mainland Australia.

This Budget provides further relief for businesses that employ apprentices and trainees. In 2009-10, the Government will provide a 25% payroll tax rebate on the eligible wages of apprentices and trainees in addition to these wages being exempt from payroll tax. This measure will save businesses approximately \$15 million in 2009-10.

The Queensland Government recognises that annual land tax liabilities may have cashflow implications for businesses and investors. To assist in alleviating these cashflow issues, an instalment payment option for land tax liabilities will be introduced in 2010-11, spreading the tax liability over a longer period.

In 2009-10, as an interim measure, the payment period for land tax assessments will be increased from 30 days to 90 days with the financing cost to Government estimated at approximately \$8 million.

In light of the tighter fiscal conditions, duty on the transfer of core business assets will now be abolished by 1 July 2013, in accordance with the timeframe included in the new Intergovernmental Agreement on Federal Financial Relations.

### Tax initiatives in 2009-10 Budget

- An increase to the first homebuyer vacant land concession from \$150,000 to \$250,000.
  - A new \$15 million payroll tax incentive for apprentices and trainees, giving employers a 25% payroll tax rebate on the eligible wages of apprentices and trainees in 2009-10, in addition to these wages being exempt from payroll tax.
  - An instalment payment option for land tax will be introduced in 2010-11.
  - In 2009-10 the payment period will be increased from 30 days to 90 days as an interim measure.
- More information on tax initiatives is available in Budget Paper 2 – Budget Strategy and Outlook.

### Queensland's tax competitiveness

	QLD	NSW	VIC	WA	SA	TAS	ACT	NT	Avg
Taxation per capita <sup>1</sup> (\$)	2,087	2,645	2,434	2,557	2,164	1,605	2,883	1,788	2,487
Taxation effort (%)	85.6	104.8	101.9	102.8	111.8	92.7	107.5	102.5	100.0
Taxation % of GSP (%)	4.46	5.16	4.80	4.04	4.87	3.90	4.41	2.53	4.75

1. 2009–10 data. Sources: QLD, VIC, WA, ACT, NT, SA, TAS State Budgets, NSW is a Queensland Treasury estimate based on revisions in other jurisdictions.