



LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

No. 126

WRITTEN QUESTION

J Davis to the Treasurer, Hon William Yan MLA:

Payroll tax

In relation to amendments to the *Payroll Tax Act 2009* contained in the Revenue Legislation Amendment Bill 2025 (Serial 26):

- 1. What is the evidence (e.g. research; consultation with aged care service providers; feasibility study) that shows payroll tax exemptions incentivise non-profit aged care providers to establish businesses in the NT, when these exemptions are already available Australia wide?**

Prior to the amendments effected by the *Revenue Legislation Amendment Act 2025*, the Northern Territory's charity and non-profit payroll tax exemption was the most restrictive in Australia. Charities and non-profit entities operating in competition with for-profit organisations did not qualify for the charity and non-profit payroll tax exemption, and in some cases had to pay payroll tax regardless of the charitable or benevolent outcomes they were trying to achieve.

Other jurisdictions in Australia do not apply a 'commercial or competitive' test to their non-profit entity payroll tax exemption. That disparity was a disincentive for the sector to operate or expand in the Territory as the narrow exemption added red tape, compliance costs, and uncertainty.

The amendments to the *Payroll Tax Act 2009* contained in the *Revenue Legislation Amendment Act 2025* removed that NT-specific restriction by more closely aligning the Territory with other jurisdictions and exempting wages for work connected to the charitable purpose. It does not create a unique incentive relative to other states. Rather, it eliminates a barrier that could improve willingness to operate or expand here.

The Department of Treasury and Finance has corresponded with affected non-profit entities (when administering the former payroll tax laws). Affected entities highlighted the relatively more favourable payroll tax settings in other Australian jurisdictions, and the negative impacts of the NT settings upon provider viability to enter or expand their service offerings in the Territory.

As a result of these policy changes, charities and non-profit entities will save up to 5.5% of the value of their Territory-based payroll. As an example, a non-profit providing essential services in the Territory will save up to \$206,250 per annum on a \$5 million payroll.

Approximately 90 charities and non-profits are expected to benefit from these changes to the payroll tax exemption. The financial benefits of broadening the exemption are concentrated in a few larger employers, however the broader value of this initiative is the reduction in red tape associated with no longer having to register and report for Northern Territory payroll tax.

Crucially, any amount of payroll tax or time saved for a charity or non-profit constitutes resources that they may devote to their valuable voluntary sector initiatives. While this payroll tax relief represents a seemingly minor reduction in operating costs, this initiative will have a positive impact on the viability of the voluntary sector to operate and expand within the Territory.