

Estimates Committee 2015
Questions Taken On Notice

(26/05/2015 to 4/06/2015)

Date: 26/05/2015 Output: Territory Revenue
Sub Output: Territory Revenue
Subject: Average business tax for small business

From: Mr Michael Gunner to Hon David Tollner
Treasurer

Question: 2-3
What is the average business tax itemised paid by a small business with \$1m in wages, a medium business of \$1.7m in wages and a larger business with \$5m in wages, and how does this compare to other states and territories?

Answer:
Answered On: 09/06/2015

ESTIMATES COMMITTEE

Question Taken on Notice

Date: 26 May 2015 **Output:**

Subject: Average business tax for small business

From: Treasurer

To: Leader of Opposition

Agency: Department of Treasury and Finance

Number: 2.3

Question: What is the average business tax itemised paid by a small business with \$1M in wages, a medium business of \$1.7M in wages and a larger business with \$5M in wages, and how does this compare to other states and territories?

Answer:

The amount of state business taxes paid by a business depends upon a range of factors other than the amount of wages paid by the business, such as:

- the value of land owned by the business;
- the amount of general, motor vehicle and workers compensation insurance premiums paid by the business; and
- the number, type and value of motor vehicles owned.

For the purposes of making these assumptions, the model utilised by the Institute of Public Affairs in its *Business Bearing the Burden* report has been adopted. That is, the financial and operational characteristics of a reference business are drawn from the “case study company” used in the *Paying Taxes* model of the World Bank *Doing Business* competitiveness.

A scaling factor is then applied to the reference business to achieve the requested levels of annual wages that adjusts the other characteristics of the business in a proportional manner.

The following tables set out the amount of recurrent state business taxes paid in each state and territory by businesses that pay the requested annual amounts of wages.

Business with wages of \$1 million per annum

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Payroll tax	\$13,625.00	\$21,825.00	\$-	\$11,000.00	\$19,800.00	\$-	\$-	\$-
Land taxes	\$352.18	\$1,050.22	\$-	\$369.40	\$738.81	\$3,303.92	\$4,522.57	\$-
Fire/emergency services levies	\$5,089.55	\$451.27	\$4,453.00	\$2,291.86	\$767.68	\$5,629.85	\$2,886.04	\$-
Insurance stamp duties	\$1,935.67	\$1,641.79	\$2,275.11	\$1,641.79	\$4,619.84	\$2,101.49	\$656.72	\$1,641.79
Motor vehicle taxes	\$1,848.99	\$855.62	\$1,013.09	\$737.63	\$971.80	\$681.02	\$1,624.40	\$812.37
Total	\$22,851.39	\$25,823.90	\$7,741.21	\$16,040.69	\$26,898.12	\$11,716.28	\$9,689.73	\$2,454.16

Business with wages of \$1.7 million per annum

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Payroll tax	\$51,775.00	\$55,775.00	\$35,625.00	\$49,500.00	\$54,450.00	\$27,450.00	\$-	\$13,750.00
Land taxes	\$5,367.10	\$2,426.46	\$2,111.94	\$1,152.99	\$4,321.20	\$8,005.41	\$9,055.13	\$-
Fire/emergency services levies	\$8,652.24	\$623.66	\$4,453.00	\$3,896.16	\$1,158.06	\$9,514.75	\$5,128.02	\$-
Insurance stamp duties	\$3,290.64	\$2,791.04	\$3,867.69	\$2,791.04	\$7,853.72	\$3,572.54	\$1,116.42	\$2,791.04
Motor vehicle taxes	\$3,143.28	\$1,454.56	\$1,722.26	\$1,253.98	\$1,652.06	\$1,157.73	\$2,761.49	\$1,381.03
Total	\$72,228.26	\$63,070.72	\$47,779.89	\$58,594.17	\$69,435.04	\$49,700.43	\$18,061.05	\$17,922.08

Business with wages of \$5 million per annum

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Payroll tax	\$231,625.00	\$215,825.00	\$231,562.50	\$231,000.00	\$217,800.00	\$228,750.00	\$215,775.00	\$240,625.00
Land taxes	\$29,008.90	\$16,977.99	\$24,940.30	\$11,030.30	\$54,606.32	\$30,169.59	\$30,422.87	\$-
Fire/emergency services levies	\$25,447.76	\$1,436.34	\$4,453.00	\$11,459.30	\$2,998.41	\$27,829.25	\$15,949.56	\$-
Insurance stamp duties	\$9,678.36	\$8,208.96	\$11,375.56	\$8,208.96	\$23,099.19	\$10,507.46	\$3,283.58	\$8,208.96
Motor vehicle taxes	\$9,244.93	\$4,278.11	\$5,065.47	\$3,688.17	\$4,858.99	\$3,405.10	\$8,122.02	\$4,061.86
Total	\$305,004.95	\$246,726.39	\$277,396.82	\$265,386.72	\$303,362.91	\$300,661.40	\$273,553.04	\$252,895.81