

**NEW VICTORIAN GOVT NEEDS TO HONOUR NO-NEW-TAXES PLEDGE AND REMOVE INVESTMENT OBSTACLES FOR BUSINESS, SAYS PITCHER PARTNERS**

Pitcher Partners congratulates the new Andrews' Victorian government on its election win and calls on the new government to assist small business by honouring its no-new-taxes pledge and removing obstacles to investment, said Pitcher Partners partner Craig Whatman.

Mr Whatman said forecasts of a healthy surplus of \$1.3 billion in the 2014/15 year growing to \$3bn in 2017-18 is a solid platform on which the Andrew's government in Victoria can continue to grow the economy, attract more investment into this State and to provide assistance to businesses already operating here.

He said forecast growth for State Tax revenue is 5.7% this financial year with ongoing growth estimates at 4.7 % per annum on average. Business investment is forecast to grow 3% this financial year.

**GST**

“It now appears likely that the upcoming White Paper review of the tax system will include the GST. In the event that review results in either an increase in the GST rate and/or a broadening of the GST base, the new Victorian government should take the opportunity presented by the additional GST revenue to review the impact of State taxes on businesses in Victoria, and reduce the ongoing State taxes burden faced by those businesses.

**Payroll Tax**

“Payroll tax is the most significant and burdensome State tax faced by the majority of businesses in the middle market. A potential increase in the GST rate and/or a broadening of the GST base might provide the newly-elected Victorian Government with an opportunity to offer businesses more significant relief from payroll tax into the future.

“One of the measures announced in May's State Budget was a reduction in the Payroll Tax rate by 0.05% from 4.9% to 4.85%. While any relief from payroll tax was welcome, the measures announced translated to a modest saving of \$75 per annum, for example, for a small business with a payroll of \$700,000. The equivalent-sized business in NSW or Qld would not be paying payroll tax at all because they are under the relevant thresholds in those States.

“At the top of the our clients' wishlist for action by the incoming government on State taxes is a more significant decrease in the Payroll Tax rate of at least 0.2%, and/or a significant increase in the threshold to make Victoria more competitive with our NSW and Qld counterparts.

**Land transfer duty**

“Business also calls on the newly-elected government for a decrease in the land tax or stamp duty rates, to enable them to reduce their fixed operating costs and to remain competitive with equivalent businesses interstate.

Land transfer duty is now forecast at \$4.4 billion for 2014/2015 which is up from last year's Budget estimate of \$3.7 billion, increasing quite significantly over the next four years. On the

one hand businesses have been given minor payroll tax relief, but the Government will continue to take increasing land tax and land transfer duty revenue from business. This doesn't help to stimulate business growth or to strengthen business confidence.

### **Infrastructure**

“While infrastructure expenditure in Victoria is projected to be \$5.8bn in 2014-2015 and \$7bn on average over the forward estimates, a disappointing aspect of the State election is the lack of certainty faced by business in relation to whether many of the major infrastructure projects previously announced will ultimately proceed.

“Although there is an expectation that Governments will change over time, business needs more long-term certainty about the future direction of major infrastructure projects so that they can make important strategic decisions based on longer term horizons,” Mr Whatman said.

*Pitcher Partners is an association of independent firms located in Melbourne, Sydney, Perth, Adelaide and Brisbane. Pitcher Partners are independent members of Baker Tilly International.*

### ***For further information contact:***

Karin Krueger, Managing Director, KDK Media (02) 9979 3718 or 0419 991 267

Melanie Kent, Marketing Director, Pitcher Partners (03) 8610 5605 or 0407 052 670

*Pitcher Partners is an association of independent firms located in Melbourne, Sydney, Perth, Adelaide, Brisbane and Newcastle. Pitcher Partners are independent members of Baker Tilly International.*