



31 May 2018

MEDIA RELEASE

Increased payroll tax threshold and business relocation incentives to drive regional growth

A one year payroll tax exemption for businesses relocating to regional NSW has been recommended by the Committee on Investment, Industry and Regional Development. A stamp duty exemption was also recommended for the purchase of commercial and industrial property when businesses move to regional areas from Greater Sydney, interstate or overseas. These measures are designed to create incentives for businesses to move to regional areas and to encourage regional growth.

The Committee also called for an increase in the payroll tax threshold to \$1 million for regional businesses from 1 July 2019, rising to \$2 million in 2022. This increase is aimed at encouraging existing regional businesses to grow and employ more staff.

‘We want more jobs and increased growth in our regions. Our recommended incentives for businesses to relocate to the regions will bring new jobs to regional areas and help manage pressures faced by the growing Greater Sydney area,’ said Michael Johnsen MP, Committee Chair.

‘Increasing the regional payroll tax threshold to \$1 million will encourage businesses to grow and employ more staff. We heard from inquiry participants that a payroll tax threshold increase will cut small business administration costs, boost regional employment and encourage business growth.’

‘Other states in Australia are aggressively pursuing economic growth and business investment in regional areas; we need to be bold and innovative in NSW to keep our state number one.’

These recommendations come at the conclusion of the Committee’s inquiry into zonal taxation and are listed below. The Final Report was tabled on Thursday 31 May and is available on the [Committee’s website](#).

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List of findings and recommendations

Finding 1

A zonal taxation approach in New South Wales is justified to support and encourage regional economic growth.

Recommendation 1

That the NSW Government implement a zonal taxation approach for payroll tax and commercial and industrial property stamp duty using the following zones:

- a 'metropolitan' zone incorporating the Greater Sydney area; and
- a 'regional' zone incorporating the remainder of New South Wales.

Recommendation 2

That the NSW Government provide a one year payroll tax exemption for businesses relocating to regional New South Wales from interstate, overseas or from Greater Sydney.

Recommendation 3

That the NSW Government increase the payroll tax threshold for regional businesses to \$1 million from 1 July 2019.

Recommendation 4

That the NSW Government further increase the payroll tax threshold for regional businesses to \$2 million from 1 July 2022.

Recommendation 5

That the NSW Government exempt the purchase of commercial and industrial property in regional New South Wales from stamp duty when businesses relocate from Greater Sydney or from outside New South Wales from 1 July 2019.

Recommendation 6

That the NSW Government consider stamp duty concessions for new young farmers who are buying their first farming property.

Recommendation 7

That the NSW Government conduct a review of the zonal taxation approach five years after commencement.

Recommendation 8

That the NSW Government seek an Australian Government review of the income tax zone offset scheme.