

## Economic reform to create jobs

A competitive and efficient tax system plays a vital role in boosting business investment and driving our economic growth.

That's why the Andrews Labor Government is working towards a significant program of tax reform, including:

- » Increasing the payroll tax threshold
- » Abolition of business insurance duties
- » Commercial and industrial stamp duty reforms.

We are making payroll taxes fairer for business. The current payroll tax-free threshold of \$700 000 is too low.

To better support small businesses across our state, from 1 July 2024 we will raise the tax-free threshold to \$900 000, with a further increase to \$1 million from 1 July 2025.

These reforms will save around 26 000 Victorian businesses up to \$14 550 per year, and around 6 000 of those businesses will stop paying payroll tax altogether.

These benefits will be phased out for larger business to ensure support is well targeted.

And we are cutting the cost of running a business further by abolishing business insurance duty, becoming the first state in Australia to do so.

The rate of insurance duty on fire and industrial special risks, public and product liability, professional indemnity, employers' liability, and marine and aviation insurance will be reduced by 1 percentage point each year from 1 July 2024.

These reforms could save businesses around \$3 200 on professional indemnity insurance and \$2 400 on fire and other special risk insurance cumulatively over 10 years.

We're also making it easier to start and run a small business in Victoria through our regulatory reform agenda, driving business investment and growth by cutting red tape and streamlining licencing and approvals processes.

This Budget provides \$38 million for a government-wide Regulatory Reform program, helping us identify and drive real reforms which maximise benefits for Victorian businesses and consumers. We will streamline application and approvals processes, improve information flow and provide faster licencing at local and state levels, helping new and growing small businesses.

## Landmark Reform

We are proud to announce the intention to introduce a once-in-a-generation reform that transitions away from stamp duty for commercial and industrial properties.

This reform will encourage investment in Victorian business, support jobs, and improve productivity. It can provide the flexibility to help businesses establish and grow. The transition away from stamp duty for commercial and industrial properties will occur after the next sale, with the annual property tax applying 10 years after the sale.

Importantly, this reform will not affect current owners of commercial and industrial properties, as the property will only be subject to the new arrangements once it transacts. It also won't affect owners of residential property.

It is important that industry is engaged in such a landmark reform to ensure the design of the reform supports property owners through the transition. That is why we will commence targeted consultation in the coming months to assist with the introduction of the reform from 1 July 2024.