

# BULLETIN

## Industry Divisions



Reference No: State Budget -05-19

Date issued: 27/05/2019

### VACC Member Overview - Victorian State Budget 2019/20

The Victorian State Budget for 2019/20 was released at 1pm, Monday, 27 May 2019.

The Budget contains key measures that will affect some VACC members and the general business community. These include:

#### Payroll tax

- Starting 1 July 2019, the regional payroll tax rate will be reduced by 0.4 per cent each year over the next three years, reaching 1.2125 per cent by 2022/23. The eligibility rules for the regional rate will also be simplified by removing the 'business location test'.
- From 1 July 2019, a payroll tax exemption for wages paid to employees on maternity leave will be extended to all types of parental leave for up to 14 weeks of wages.
- The current payroll tax-free threshold of \$650,000 will be increased to \$700,000 by 2022/23, with increases of \$25,000 from 1 July 2021 and a further \$25,000 from 1 July 2022.

#### Motor vehicle duty – luxury vehicles

- From 1 July 2019, motor vehicle duty for used cars valued above the luxury threshold will be charged at \$10.40 per \$200 of market value.
- From 1 July 2019, two new super-luxury thresholds will be introduced. One is for cars valued between \$100,001 and \$150,000 that will be charged duty of \$14.00 per \$200 of market value. The second is for cars valued above \$150,000 that will be charged duty of \$18.00 per \$200 of market value. These new taxes will be on top of the already existing Luxury Car Tax rate for vehicles above \$66,331.
- All low emission cars (with CO2 emissions less than 120g/km) and cars owned by primary producers used in the business of primary production and valued above the luxury car threshold will pay a concessionary duty rate of \$8.40 per \$200 of market value.

#### Motor vehicle duty - service demonstrator vehicles

- From 1 July 2019, a LMCT will be entitled to an exemption on duty for service demonstrator vehicles.  
**Note:** *This is a significant gain for LMCTs. The Victorian Automobile Dealers Association (VADA) is to be congratulated for the 18-month long campaign in pursuit of this exemption. VADA thanks Treasurer Pallas for his pragmatic approach on dealing with this issue.*

#### Other measures

- A land transfer duty concession to commercial and industrial property transactions in regional Victoria. A 10 per cent concession for contracts signed from 1 July 2019 will be provided, increasing by 10 per cent each year to a full 50 per cent discount from 1 July 2023.

- A \$1 billion budget surplus is expected in 2019/20 and is forecast to average \$3.4 billion a year over the forward estimates.

In what is a fiscally challenging economic environment, VACC commends the Andrews government for exempting the payment of duty for service demonstrator vehicles for LMCTs, as well as ongoing reforms to payroll tax. Whilst VACC does not endorse the increases to tax on luxury vehicles, VACC will continue to monitor government policy and lobby for change that supports the interests of VACC members and the general business community.

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