

## **VACC Member Overview – Victorian State Budget 2020/21**

The Victorian State Budget for 2020/21 was released on Tuesday, 24 November 2020.

The Budget contains many key measures that are of interest to VACC members and the general business community. These include the following:

### **Motor Vehicle Taxes, Duties and Charges**

- From 1 July 2021, a 2.5 cent/km charge will apply to electric and other zero emission vehicles, including hydrogen vehicles, while a 2.0 cent/km charge will apply to plug-in hybrid electric vehicles. The \$100 registration concession will continue for these vehicles but will no longer apply to conventional petrol or diesel hybrids.
- There are no changes to all other motor vehicle taxes, duties and charges in the Budget.

### **Payroll Tax – Deferral & Relief**

- Victorian businesses with payrolls up to \$10 million will have the option to defer their payroll tax for 2020/21. Eligible businesses can repay the deferred payroll tax in quarterly instalments over 2021/22.
- As part of the Government's *Economic Survival Package*, full payroll tax refunds and waivers for the 2019/20 financial year were provided for SMEs with annual Victorian payrolls of up to \$3 million.
- As part of the Government's response to COVID-19, additional wages paid to employees under the Federal JobKeeper program are exempt from payroll tax and not subject to WorkCover premiums.
- From 1 July 2021, employers will be able to pay payroll tax annually if their Victorian payroll tax liabilities are less than \$100,000 – more than twice the current threshold of \$40,000.

### **New Job Tax Credit**

- As part of the *Jobs Plan*, businesses with annual Australian group wages less than \$10 million will receive a non-refundable credit of 10 cents for every dollar of Victorian wages paid in 2020/21 and 2021/22 above the previous year's wages. Businesses will be able to apply the credit to receive a refund or waiver of payroll tax liabilities.

### **Land Tax – Deferral & Relief**

- Taxpayers due to pay 2020 land tax that have at least one non-residential property and total taxable landholdings below \$1 million have been provided with a deferral of their 2020 land tax liability until 31 March 2021.

- Commercial and residential landlords that provide tenants with rent relief consistent with the principles of the *Support to Landlords and Tenants package* are eligible for a 50% reduction on the property's 2020 land tax (exclusive of any absentee owner surcharge), with the remainder to be deferred until March 2021.
- SME's that operate from owner occupied properties and landlords who are unable to secure a tenant during the COVID-19 pandemic due to public health restrictions may be eligible for a 25% discount on the property's 2020 land tax.
- Eligible residential landlords may also receive a 25% reduction on the property's 2021 land tax, with outstanding amounts able to be deferred until 30 November 2021.
- A full waiver will be provided for all 2021 vacant residential land tax liabilities that arise due to property vacancies in 2020.
- A 50% commercial and industrial land transfer duty concession on property transactions due to commence on 1 July 2023 will be brought forward to 1 January 2021 for eligible properties anywhere in regional Victoria.
- Motor vehicle duty relief for vehicle owners affected by the bushfires of up to \$2,100 per replacement vehicle for up to two vehicles as well as land tax relief or exemptions for properties that were destroyed or substantially damaged.

### Education and Training

- \$1 billion investment in TAFE and training that will support.
  - Up to 80,000 new free TAFE and subsidised training places.
  - \$57 million for the delivery of accredited short courses and a workforce skill set pilot.
  - \$19.3 million for an apprenticeship growth strategy, including \$8 million for an apprenticeship innovation fund to explore new approaches to this training model.
  - \$9.3 million to Apprenticeship Support Officers to work with apprentices and employers to ensure more apprentices successfully complete their training.
  - Funding to attract and support people to reskill as teachers at TAFEs, including teacher scholarships and mentoring.
- \$6 million towards a *Small Business Support Toolkit* to fund best-practice workshops, mentoring and coaching services to help businesses digitise, innovate and adapt to changing customers' needs and navigate regulatory requirements across government.

### Bottom line

Whilst many of the measures outlined in the State Budget will help improve business cashflows, the net effect of these and other measures will mean that Victoria's net debt will reach \$86.7 billion in 2020/21 and grow to \$154.8 billion by 2023/24. This level of debt is unprecedented in Victoria's history, and the repair of the state's balance sheet will take decades to control.

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