

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

23 – 24 February 2011

Question: AET 34

Topic: SUPERANNUATION GUARANTEE – PAYROLL TAX

Hansard Page: Written

Senator Ryan asked:

Has Treasury modelled the impact of the increase of superannuation guarantee from 9% to 12%?

What is the impact on employment Australia wide?

What is the impact on employment by small businesses when including the impact of increases in labour on-costs (eg. payroll tax)?

Has Treasury modelled the increase in the payroll tax payable by small businesses each state?

How much additional revenue will each state government generate through their various payroll tax regimes as a result of the increase in the superannuation contribution from 9% to 12%?

Has a small business regulatory impact statement completed been for this superannuation increase?

Given that Victoria has a very low threshold for payroll tax, what will be the impact of increase in the superannuation guarantee on Victoria specifically?

Answer:

Yes, the Treasury has modelled the impact of increasing the superannuation guarantee from 9 per cent to 12 per cent. For a worker on average wages aged 30 today, the change is expected to increase their retirement balance by about \$108,000.

The change to the superannuation guarantee is unlikely to have an impact on employment levels. Treasury modelling assumes no longer term impact on employment nor on total remuneration.

Treasury does not model payroll tax, which is collected by the State and Territory Governments. Each of these Governments has defined 'wages' to include employer superannuation contributions.

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The payroll thresholds used by State and Territory governments are designed to exclude small employers. The thresholds are shown in the table below.

Table 1: Annual thresholds for Payroll Tax by Jurisdiction (1 July 2010)

NSW	Vic	Qld	SA	WA	Tas	ACT	NT
\$658,000	\$550,000	\$1,000,000	\$600,000	\$750,000	\$1,010,000	\$1,500,000	\$1,250,000

Source: State and Territory revenue offices (accessed 22 March 2011)

A small business regulatory impact statement was not required. An exemption from the Regulatory Impact Statement requirements was granted to the Government's tax reform agenda in response to the Australia's Future Tax System Review.