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BUSINESS NSW

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PAYROLL TAX PLAN WILL KICKSTART THE NSW ECONOMY

Payroll tax reform and increased support for small business would boost jobs, innovation and investment across NSW, with thousands of businesses set to benefit under a plan from Opposition Leader Kellie Sloane.

If elected, Ms Sloane is proposing to cut payroll tax from 5.45 per cent to 4.75 per cent for businesses with annual wages below $10 million. The plan would also lift the payroll tax-free threshold from $1.2 million to $1.5 million and index it over time.

Business NSW CEO Daniel Hunter said the organisation welcomed the Coalition adopting its long-held position on payroll tax reform.

“We’ve been calling for payroll tax to be lowered and the threshold increased for years,” he said.

“Our members consistently tell us it discourages hiring and investment. We need business to employ more people in their local communities, not less.”

Mr Hunter said business conditions across the state remained difficult, with insolvencies rising and hiring intentions weakening.

“Our latest Business Conditions Survey shows 29 per cent of businesses expect to reduce staff over the next three months, compared with just 8 per cent planning to hire.

“Lowering payroll tax will cut the cost of employing people and give businesses more capacity to invest in their staff and productivity-improving equipment.”

According to the Coalition’s plan, the changes would remove about 4000 businesses from the payroll tax system and ensure a further 25,000 businesses receive the lowest payroll tax rate of any state.

Mr Hunter also welcomed the Opposition’s pledge of additional funding for a new business advisory service, after Business Connect was axed.

“We have long called for funding to be doubled from $10 million to $20 million a year so more businesses can access advice when they need it most.”

Mr Hunter said payroll tax reform remained one of the most pressing issues for business.

“We encourage the Minns Government to put reform on the table in the lead-up to next year’s election,” he said.

“Over the next three years (2026-27 to 2028-29) NSW expects to raise $47.4bn from payroll tax compared to $39.5bn in Victoria (which includes its Covid debt levy and mental health levy).

“Businesses want to see a bipartisan commitment to policies that unlock investment, reduce the cost of business, and support jobs and growth.”

Mr Hunter also noted that proposed changes to capital gains tax settings at the federal level would also add further pressure on small and medium businesses.

Ahead of the 2027 election, Business NSW is urging all parties to commit to:

- Reducing payroll tax from 5.45 per cent to below 5 per cent and increasing the payroll tax-free threshold beyond $1.2 million;
- Cutting the Emergency Services Levy, which adds 34 per cent to general business insurance premiums; and
- Delivering a stronger Business Connect 2.0 program, with funding increased to $20 million per year.

About Business NSW

Formerly the NSW Business Chamber, ***Business NSW*** is the peak policy and advocacy body which has been representing businesses in NSW since 1826. We represent almost 50,000 businesses.

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