

## Second Reading Speech

### Taxation Relief Bill 2013

Mr Speaker

The Taxation Relief Bill 2013 amends the *Duties Act 2001*, the *Payroll Tax Act 2008* and the *First Home Owner Grant Act 2000*.

The Bill implements tax relief measures announced in the 2013-14 State Budget.

The Bill also abolishes the First Home Owner Grant for established homes from 1 July 2014, while preserving the Grant for the purchase or construction of new homes.

### Payroll Tax Act

Mr Speaker

In December 2012 the Government announced its Tasmanian Jobs Package, which is designed to boost confidence levels and maximise jobs in the State. The Tasmanian Jobs Package extended the successful payroll tax rebate for newly created jobs for a further two years until June 2015.

The Government has built on this support in the Budget by raising the tax-free threshold for payroll tax, which will provide employers with ongoing payroll tax relief.

From 1 July 2013, the tax-free threshold will increase by \$240 000 to \$1.25 million.

Raising the threshold will make it even more attractive for Tasmanian businesses to employ additional staff.

Small to medium-sized businesses whose total wages are just below the old tax-free threshold will be able to employ up to five additional staff before they have to pay any payroll tax, based on current average wages.

In addition, some 130 businesses, whose total wages are just over the old threshold, will no longer have to pay any payroll tax.

And larger businesses will save up to \$14 600 per annum.

Mr Speaker, raising the threshold will put approximately \$10 million dollars every year back into more than 2 000 businesses that employ Tasmanians.

### **Duties Act**

Mr Speaker

From 1 July 2013, the transfer of a caravan or camper trailer will be exempt from duty.

Tasmania has, for several years, been out of step with the other states and territories that have gradually exempted caravans and camper trailers from duty.

This has made it more expensive for Tasmanians to purchase a caravan or camper trailer. It has put the Tasmanian businesses that sell such vehicles at a competitive disadvantage compared to their interstate rivals.

As Minister for Tourism and Hospitality, I have received representations from the tourism industry, dealers and the public on this issue. I have listened, and I am pleased that the Government has been able to include this amendment in the 2013-14 State Budget.

This amendment will save the purchasers of caravans and camper trailers approximately \$1.0 million every year and will help to support an important part of the Tasmanian tourism industry.

### **First Home Owner Grant Act**

Mr Speaker

When the First Home Owner Grant was introduced in the year 2000, it was a nationally consistent scheme. However, over the years a number of states have introduced additional payments for first home buyers, and recently several states have re-prioritised their first home buyer assistance funding to focus on stimulating the construction of new homes.

From 1 January 2013, the Tasmanian Government increased the Grant to \$15 000 for buyers and builders of new homes between 1 January 2013 and 30 June 2014 as part of the Tasmanian Jobs Package. That initiative is estimated to support the construction of 1 100 new first homes over 18 months, and the creation of 1 800 new jobs.

However, as the other states have also experienced, it is not possible to continue to subsidise all first home purchases in the current Budget environment.

The Government has made the difficult decision to abolish the First Home Owner Grant for the purchase of established homes from 1 July 2014. The \$11 million annual saving to the Budget will be redirected from 2014-15 to areas where it helps to support jobs – through ongoing payroll tax relief and the exemption of caravans and camper trailers from duty.

Importantly, the First Home Owner Grant will continue to support jobs in the residential building industry. The Grant will continue to be available on the purchase or construction of a new first home.

Tasmanian first home buyers won't be caught out though. Those who are considering the purchase of an established home will still be eligible for the Grant if they agree to purchase their home before 1 July 2014.

### **Summary**

Mr Speaker, the amendments contained in this Bill implement the Government's taxation related Budget initiatives.

The Government's decision to focus its first home buyer assistance on new homes will support jobs in the residential construction industry. The savings provided have allowed the Government to redirect funds to providing tax relief in areas that support jobs and Tasmanian businesses.

Mr Speaker, I commend the Bill to the House.