

DRAFT SECOND READING SPEECH

HON MICHAEL FERGUSON MP

Taxation and Related Legislation (Miscellaneous Amendments) Bill 2020

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Madam Speaker,

On 17 March 2020, the Government announced a number of measures to mitigate the economic risk of the COVID-19 outbreak in Tasmania. The Government is committed to managing and mitigating the very real and significant economic impact of the virus on businesses, jobs, families and the Tasmanian community.

Among those measures, the Government announced three important payroll tax relief initiatives which will provide tangible support to affected businesses and employers in Tasmania, including businesses with youth employees, businesses in the hospitality, tourism and seafood industries and small to medium-sized businesses impacted by the virus.

Madam Speaker,

This Bill amends the *Payroll Tax Rebate (Apprentices, Trainees and Youth Employees) Act 2017* to provide for the first of those initiatives.

The amendment provides that businesses that newly employ persons aged 24 years and under between 1 April 2020 and 31 December 2020 will be eligible for a one year rebate of payroll tax paid for those eligible employees. This initiative will encourage businesses to employ young people in Tasmania and is expected to cost around \$280 000.

Madam Speaker,

This Bill also amends the *Payroll Tax Act 2008* to provide two other important payroll tax relief measures that will support Tasmanian jobs.

The first of these two measures is a waiver from payroll tax for hospitality, tourism and seafood industry businesses in Tasmania for the final four months of the 2019-20 financial year. It is expected that this will save businesses around \$7 million over that period, enabling them to keep more Tasmanians employed.

The second measure will provide a waiver from payroll tax for small to medium businesses with an annual payroll of up to \$5 million in Australian wages whose operations have been impacted by the virus. This waiver will be for the three months to June 2020 and is expected to cost up to \$9 million.

Both of these measures will play an important role in mitigating the economic impact of COVID-19 on businesses and the Tasmanian community.

To achieve this, the Bill provides that the Minister may make a Ministerial Order to waive the payment of payroll tax under the Act for a specified period on the taxable wages paid to an employee or class of employees by an employer. The Minister may also make an order to waive the requirement to lodge a specified document or return or other administrative processes required under the Act.

The amendment will provide the necessary flexibility to deliver payroll tax relief to additional industries or businesses or to extend the length of the payroll tax relief as required.

The power to make a Ministerial Order under these provisions will be limited by the period of the COVID-19 public health emergency. That is, a Ministerial Order made under these provisions can only be made up until the first anniversary of the Minister being notified by the Director of

Public Health that there is no longer a public health emergency. Any Order made during the public health emergency will also cease to have effect on that anniversary.

Madam Speaker,

This Bill has been drafted to provide flexibility in the operation of each of these three payroll tax relief measures. This is necessary to allow the Government to appropriately respond to changing circumstances during this period of uncertainty.

These are unprecedented times and it is vital that this Parliament does what it can to provide assistance to our businesses to keep Tasmanians in jobs.

Madam Speaker,

This Bill also amends the *First Home Owner Grant Act 2000* to extend the \$20 000 First Home Owner Grant for newly constructed homes by two years from 1 July 2020. This extension was first announced in the *State of the State Address* on 3 March 2020.

We have taken the opportunity, while legislating these important payroll tax relief measures, to implement the extension of the grant, well before it is due to revert to the base level of \$10 000 on 1 July 2020. This will provide certainty to both first home buyers and Tasmania's building and construction industry during these difficult times.

Extending the grant will provide important support to eligible first homeowners and assist in ensuring that the housing market remains accessible to those buyers. The extension of the grant will also support activity in Tasmania's building and construction sector. This will not only increase the stock of housing in Tasmania but will also help in keeping skilled tradespeople employed in Tasmania, which is particularly important during these challenging economic times.

Madam Speaker,

I commend this Bill to the House.