



**AUSTRALIAN CAPITAL TERRITORY**

**SUBMISSION TO THE  
COMMONWEALTH GRANTS COMMISSION'S  
COMMISSION POSITION PAPER 2008/05:**

*Payroll Tax*

**January 2009**



## Introduction

The 2010 Review has been run as an iterative process between the Commonwealth Grants Commission (the Commission) and the States and Territories (the States) over the course of the past four years. As part of this process the ACT has provided a number of submissions in response to the Staff and Commission Discussion Papers, incorporating subsequent multilateral and bilateral discussions with Commission staff and other States. These submissions outlined the ACT's position as to the validity of the conceptual case behind a number of assessments and the proposed assessment methodologies.

It is noted that in some instances the position adopted by the Commissioners, as detailed in the latest Commission Position Papers, is at odds to those of the ACT. In the interests of brevity the ACT has not sought to reiterate the entirety of its previously stated position unless new data or new thinking has been applied. In this light, a lack of objection does not imply support where such support has not been previously stated.

## Proposed Assessment

The continuation of the 2004 Review method is supported.

## Agriculture, Forestry, and Fishing Adjustment

Given the lack of materiality the discontinuation of the Agriculture, Forestry, and Fishing adjustment is supported.

## Tax Free Threshold Adjustment

The ACT has consistently argued that the revenue assessments should reflect standard State policy. This is especially the case where State policies are largely common in application, such as State payroll tax thresholds. As such, the increase of the payroll tax threshold to \$700,000 and the proposal to update the threshold to reflect any changes in average State policies are supported.