



## Treasurer of Victoria

Minister for Industrial Relations  
Minister for Economic Growth

1 Treasury Place  
GPO Box 4379  
Melbourne Victoria 3001  
Telephone: +61 3 7005 9474

D24/40938

Robert McDonald  
Clerk of the Legislative Council  
Parliament House  
Spring Street,  
EAST MELBOURNE VIC 3002

[council@parliament.vic.gov.au](mailto:council@parliament.vic.gov.au)

Dear Mr McDonald

### **PETITION 485**

Thank you for your letter of 20 March 2024, notifying me of the petition tabled in the Legislative Council regarding new taxation policies in the State Budget.

I acknowledge David Limbrick MP, Member for the South-Eastern Metropolitan Region and all those who signed the petition.

I note that the *State Taxation Acts Amendments Act 2023* passed the Legislative Council last June giving effect to the tax measures announced in the *2023-24 Budget*.

When the pandemic hit Victoria, the Government acted quickly and decisively to safeguard the economy – and to save lives. Acting on the advice of the Reserve Bank we used the state budget to protect household budgets and businesses. We borrowed \$31.5 billion to pay for the tools to confront the emergency – such as hospital equipment, testing centres and business support. We provided payroll tax, land tax, and stamp duty waivers and concessions to support families and businesses through the pandemic.

The Government uses tax revenue to support the provision of vital services and infrastructure that Victorians need. Taxation measures are adjusted to reflect the needs of the economy. For example, over the last decade to 2022-23, the Government has forgone \$84.4 billion in revenue from tax expenditures and concessions. This includes measures such as the reduction in the regional payroll tax rate from 4.9 per cent in 2014 to its current rate of 1.2125 per cent.

The *2023-24 Budget* built on historical tax measures to improve business tax settings, including:

- raising the payroll tax exemption to \$1 million, effective from 1 July 2025 - this represents almost a doubling of the threshold from \$550,000 in 2016; and
- committing to abolishing business insurance duties by 2033.

Since the pandemic, our state economy has bounced back and now is the time to repay the COVID debt that kept Victoria going during the pandemic. The Government announced the COVID Debt Repayment Plan as part of the *2023-24 Budget*, which



included the introduction of a new COVID Debt Levy. The levy is temporary and will end in 2033.

The Government is committed to supporting Victorians through cost-of-living pressures. We know Victorians are paying more at the bowser and the supermarket. That's why we've been getting on with delivering programs that help to drive down the cost of living for families across the state. We've made kinder free, delivered three rounds of the Power Saving Bonus, capped regional public transport fares, set rate caps for all Victorian councils, and introduced the Victorian Default Offer.

I trust this information is of assistance.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Tim Pallas', with a stylized flourish at the end.

**Tim Pallas MP**  
**Treasurer**  
12/04/2024