

2025

**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

ELEVENTH ASSEMBLY

**Standing Committee on Public Accounts and Administration - Report No. 4 -
Inquiry into Payroll Tax Amendment Bill 2025**

Government Response

**Presented by
Chris Steel MLA
Treasurer
2 December 2025**

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Introduction

The ACT Government notes the report provided by the Standing Committee on Public Accounts and Administration (the Committee) into the *Payroll Tax Amendment Bill 2025* and the submissions made to the inquiry by various organisations. The Report made 1 recommendation. The Government Response is below.

Response to Recommendation

Recommendation 1

The committee recommends that should the Assembly decide to pass the bill, it considers amending the bill so that the rate change commences 1 July 2026 to align with the 2026-27 financial year.

Government response

Not agreed.

The Government does not agree to the recommendation and considers that the effect of implementing said recommendation would render the purpose of the *Payroll Tax Amendment Bill 2025* (the Bill) pointless.

The Government recognises and acknowledges the feedback from the business community, those who participated in the inquiry and industry representatives about the challenges associated with mid-financial year changes to payroll tax. This is why the Government's usual approach to making changes to payroll tax, including those announced in the 2025-26 Budget, is to provide a full year of lead time for businesses to make necessary preparations and make any requisite adjustments to their accounting processes.

The Government considers that the delay of implementation of the new payroll tax rate for large national firms from 1 January 2026 to 1 July 2026 could and would create more confusion for businesses and create other challenges for them in managing preparations. As indicated in evidence before the Committee, the Government notes that businesses likely to be affected by this tax change have greater capacity to manage the processes needed to accommodate the change.

A decision to not proceed with the changes in the Bill would have an estimated financial impact of \$17 million in the 2025-26 fiscal year. Not implementing these changes would have negative impact on the Territory's financial position, resulting in a higher deficit and borrowings. This has been a matter of concern from this Committee and its members.

Practically, an amendment to the Bill to delay commencement to 1 July 2026 would make the Bill redundant, as that change could be made through legislative instrument.

In the 2025-26 Budget, the Government outlined a fiscal strategy to support continued economic growth and a return of the Budget to cash operating surpluses over the forward estimates period, while continuing to ensure Canberrans can access the high-quality services they expect. The Government considers that it is an important responsibility for all Members of the Assembly to be party to this task over the life of this Assembly.