QTON No. 10

Legislative Assembly for the
Australian Capital Territory
Select Committee on Estimates 2026-2027

Inquiry into Appropriation Bill 2026–2027 and Appropriation (Office of the Legislative Assembly) Bill 2026–2027

Answer to question taken on notice

Asked by: Mr Thomas Emerson MLA

Addressed to: Treasurer

In relation to: Treasury and Payroll Tax Forecast and Thresholds

Hearing: 21/07/2026
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Answer Due: 29/07/2026

Mr Pirie took on notice the following questions:

MR EMERSON: Okay, and in the last, say, five budgets, in how many of them were the payroll tax estimates accurate?

Mr Pirie: I would need to take that on notice.

MR EMERSON: Sorry, just quickly jumping back on the question taken on notice, it is fine for it to just be for the year ahead, so the 2024-25 budget for that financial year. I am not worried too much about whether the accuracy of those estimates, you know, four years in advance. So the threshold for payroll tax in the ACT that was $2 million until the end of last financial year, according to Pegasus, ensured that an estimated 85 per cent of businesses in the ACT were exempt in 2024-25, but they were referencing ACT, an ACT government document. Do you know what percentage of businesses will be exempt in 2026-27 based on the new threshold?

Mr Pirie: We have information on the value of wages beneath the threshold. We do not have clear information on how those wages are distributed across firms, so I would probably need to take that specific question in notice to see what we can get to you. But as I said, the information we do have is the value of wages that sit below the threshold. It is trickier, then, to determine how that is spread across businesses and how many there are.

Chris Steel MLA: The answer to the Member's question is as follows:

Payroll tax forecasts are developed using a comprehensive framework that draws on year-to-date collections, economic indicators, policy decisions, forecasting consensus and professional judgement. Key drivers include private sector employment growth, compensation of employees, and movements of employers into and out of the payroll tax base.

While payroll tax revenue can vary from year to year, the forecasting framework is designed to capture the major drivers of revenue using the best available information.

Over the past decade, payroll tax revenue growth has averaged 7.8 per cent per year, with annual growth ranging from 0.6 per cent to 13.4 per cent. Forecast growth over the same period averaged 7.3 per cent, with forecasts ranging from -1 per cent to 16 per cent.

The mean forecast difference during this period was 0.3 per cent, indicating that forecasts have been broadly accurate over time and do not exhibit a systematic tendency to overestimate or underestimate revenue. In that period, cumulative payroll tax revenue forecasts have been underestimated by $14.6 million on total collections of approximately $6.4 billion, or 0.2 per cent.

Table1: Payroll tax forecasts

Year	Budget forecast		Actual outcome		Difference	
	$'000	%	$'000	%	$'000	%
2016-17	439,977	4.3%	448,644	6.4%	8,667	1.9%
2017-18	470,254	4.8%	486,050	8.3%	15,796	3.2%
2018-19	522,118	7.4%	549,239	13.0%	27,121	4.9%
2019-20	582,886	6.1%	561,774	2.3%	-21,112	-3.8%
2020-21	556,199	-1.0%	576,294	2.6%	20,095	3.5%
2021-22	588,846	2.2%	653,724	13.4%	64,878	9.9%
2022-23	705,393	7.9%	732,689	12.1%	27,296	3.7%
2023-24	806,176	10.0%	737,404	0.6%	-68,772	-9.3%
2024-25	855,276	16.0%	798,667	8.3%	-56,609	-7.1%
2025-26*	917,330	14.9%	885,324	10.9%	-32,006	-3.6%
10 yr Total	**6,444,455**	**7.3%**	**6,429,809**	**7.8%**	**-14,646**	0.3%

* 2025-26 is an estimate.

The exact proportion of firms that would be exempt from payroll tax based on the new threshold is not observable. This is because firms below the previous threshold have not needed to report to the ACT Revenue Office, while firms below the new threshold will continue to not need to report.

Approved for circulation to the Select Committee on Estimates 2026-2027

Signature:

By the Treasurer, Chris Steel MLA

Date: 2/8/26