TREASURER

RESPONSIBLE TAXATION, RESPONSIBLE GOVERNMENT

14 May 2013

Budget 2013 continues the Territory Government’s responsible fiscal policy without sacrificing the Territory’s status as a low tax jurisdiction.

Treasurer David Tollner said the NT had the lowest recurrent taxes for small and medium sized businesses.

The NT’s competitive payroll tax system includes:
- No payroll tax payable by businesses with wages up to $1.5 million
- Business under $5 million in wages paying effective tax rates lower than the national average.

“Unlike other jurisdictions, the Territory does not impose a land tax or a fire and emergency services levy,” Mr Tollner said.

Two new taxation measures will be introduced as part of the budget to increase revenue by about $10.6 million per year.

“These measures focus on protecting the integrity of the Territory’s mineral royalties in order to cut red tape,” Mr Tollner said. “They also ensure that Territorians receive a fair return on the Territory’s mineral wealth through the collection of mineral royalties.”

The first measure is a cap of 5.5 per cent on the amount that a royalty client can claim as part of the transfer pricing margin.

“Transfer pricing is administratively burdensome on both the Territory and the miner, therefore the cap will clarify the arrangements and minimise the need for costly valuations from both parties. It will be applied except in circumstances where the royalty payer has a relevant transfer pricing arrangement in place with the Australian Taxation Office,” Mr Tollner said.

The second measure limits the deductibility of head office expenses, management fees and administrative labour costs incurred by an office located, or for work performed, in the Territory.

“This is more than just ensuring the mining industry contributes fairly to the Territory community.

“We are taking a step in the right direction to reduce red tape and expenses involved in administering the royalty scheme. This could also attract large miners to set up offices in the Territory.”

Media Contact:
Georgia McCabe 0438 384 506