



Victorian State Budget 2019-20

Checklist for the business owner or CFO

The Victorian State Budget for 2019-20 was released on Monday 27 May 2019. Handed down by the Treasurer Tim Pallas, the Budget was full of “hard choices” after a \$5.2 billion fall in stamp duty and an election win to the Coalition delivering less money to support the state’s infrastructure spending.

For businesses, the Budget was a mixed bag. Below is a simple checklist to highlight the key areas of impact for you, the business owner or CFO.

State Budget announcement	Need further information?
Businesses	
<p>Changes to the corporate reconstruction duty exemption</p> <p>The current corporate reconstruction duty exemption rules can operate to fully exempt a transaction involving Victorian real property from duty, if the property is transferred between companies or unit trusts that are members of the same corporate group. The exemption will be reduced to a 90% concession under the announced changes. As a result, some duty will be payable on these transfers moving forwards.</p>	<input type="checkbox"/>
<p>Payroll Tax changes</p> <p>The payroll tax tax-free threshold will increase to \$700,000 from 1 July 2022 and the exemption for wages paid to employees on maternity leave will be broadened to include all types of parental leave from 1 July 2019. Unfortunately, these changes will not significantly reduce the payroll tax burden on businesses that operate in the metropolitan area.</p>	<input type="checkbox"/>
Regional businesses	
<p>Regional commercial and industrial property transfer duty concession</p> <p>A new stamp duty concession will be introduced for transfers of commercial and industrial property in regional Victoria. Under the current rules, a purchase of a \$2 million commercial property in regional Victoria would be subject to duty of \$110,000. However, under the new rules, the duty cost could decrease to between \$55,000 and \$99,000 (depending on when the contract is entered into) – a potentially significant saving of up to 50%.</p>	<input type="checkbox"/>
<p>Payroll Tax concession for regional employers</p> <p>By 2022-23, the payroll tax rate applicable to regional employers will be cut to 25% of the metropolitan rate.</p>	<input type="checkbox"/>

New gold royalty

Victoria is set to come into line with all other Australian states, as the last state to impose a royalty on gold miners.

Property – home owners, land owners and foreign property developers & investors**Removal of land tax principal place of residence exemption on second title**

From the 2020 land tax year onwards there will no longer be an exemption available for the second title used as part of your principal place of residence in metropolitan Melbourne. Moving forwards you will only get a land tax exemption for the title on which your residence has been built. Any second title which might include your garden, a tennis court or a swimming pool, for example, will be subject to land tax – which could be an expensive liability moving forwards.

Annual property revaluations

From 1 January 2019, property revaluations are being undertaken annually, rather than the current biennial revaluations, for ratings and land tax purposes. The first land tax assessments based on annual revaluations will be issued in the 2020 land tax year.

Increase to the Foreign Purchaser Additional Duty (FPAD)

The Government has announced that it will 'harmonise' the Foreign Purchaser Additional Duty (FPAD) with New South Wales by increasing the FPAD rate from 7% to 8% with effect from 1 July 2019.

Increase to the Absentee Owner Surcharge

The Government has also announced that it will increase the Absentee Owner Surcharge (AOS) rate from 1.5% to 2.0% from the 2020 land tax year, to align the Victorian and NSW rates. This increase will result in a top rate of land tax of 4.25% and, unlike NSW, will apply to both residential and commercial property.

If you have any queries on how these or any of the other announced changes might impact you or your situation, please contact your Pitcher Partner specialist.

The material contained in this publication is general commentary only for distribution to clients of Pitcher Partners. None of the material is, or should be, regarded as advice. Accordingly, no person should rely on any of the contents of this publication without first obtaining specific advice from one of the Partners of Pitcher Partners. Pitcher Partners, its Principals and agents accept no responsibility to any person who acts or relies in any way on any of the material without first obtaining such specific advice. © Pitcher Partners 2019.

Get in touch

**Craig Whatman**

Partner

+61 3 8610 5617

craig.whatman@pitcher.com.au**Ali Suleyman**

Partner

+61 3 8610 5520

ali.suleyman@pitcher.com.au**Gary Matthews**

Senior Manager

+61 3 8612 9361

gary.matthews@pitcher.com.au**Brendan Britten** *Melbourne*

Managing Partner

+61 3 8610 5279

brendan.britten@pitcher.com.au

Pitcher Partners has the resources and depth of expertise of a major firm, but with a smaller firm feel. We give our clients the highest level of personal service and attention. That's the difference.

Pitcher Partners is an association of accounting and business advisory firms located in Adelaide, Brisbane, Melbourne, Newcastle, Perth and Sydney. We have a strong reputation for providing personal service and quality commercial advice to our clients across a broad range of industries.

We specialise in providing services to family controlled, privately owned and small public businesses as well as high net worth individuals, the public sector and not-for-profit organisations. Our clients require high technical standards, matched with a personal understanding and involvement in their affairs.

Pitcher Partners is also an independent member of Baker Tilly International, one of the world's leading networks of independently owned and managed accountancy and business advisory firms. Our strong relationship with other Baker Tilly International member firms has allowed us to open many doors across borders for our clients.