

Spotlight on Spending

VIC State Budget

Payroll Tax

Mental Health/ Wellbeing

Key takeaways

Mental Health and Wellbeing Levy:

- Begins 1 January 2022
- Rate of 0.5% implemented as payroll tax surcharge on wages paid in VIC by businesses with national payrolls of above \$10m.
- Businesses above \$100m will pay additional 0.5%.

Opportunities

- Revenue expected to be \$387m in 2021-22, average of \$843m each year over the forward estimates.
- All revenue raised to be spent on mental health services.

Other Payroll Tax Changes

Bring forward increases in the payroll tax-free threshold to \$700,000

The Government will bring forward increases in the payroll tax-free threshold, which will increase from \$650,000 to \$700,000 from 1 July 2021.

Bring forward the regional employer payroll tax rate of 1.2125%

To support regional Victorian jobs the Government will bring forward reductions in the regional employer rate of payroll tax. The regional employer rate will reduce from 2.02% to 1.2125% from 1 July 2021.

Our review



1/5 – Audience left wanting more

Few would argue against mental health funding, however to source funding from large employers is controversial and incongruent with reducing unemployment and stimulating business. Ultimately, the cost will be borne by employees, who may suffer a wage freeze or at worst, their job.



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