

VIC 2020/21 State Budget



The Victorian Government has delivered its biggest ever spending budget designed to reinvigorate the economy and create Victorian jobs following the impact of COVID-19.

Key takeaways

- Projected deficit of \$23.3bn this year. Net debt will reach \$86.7bn in 2021 increasing to \$154.8bn by 30 June 2024
- The government has set the goal of creating an additional 200,000 jobs by 2022 and 400,000 by 2025
- A commitment of \$250 million to subsidise the wages of at least 10,000 workers, a minimum of \$150 million of this will go towards employing women
- Secure work pilot scheme to provide up to five days of sick and carers pay for casual workers in priority industries
- The Victorian government will contribute to the purchase price of a property in exchange for proportionate ownership in a property to assist home buyers who don't have a 20% deposit
- \$2bn has been allocated to the Breakthrough Victoria Fund to support Research and Development across key industries
- 15,000 solar rebates for small business and an additional 42,000 solar rebates for households.
- Infrastructure spending of \$78.4bn over the next four years
- \$5.6bn for schools and early childhood education
- \$9bn is being spent on the Victorian healthcare system. \$2bn will be spent on the building of new hospitals and the upgrade of existing hospitals
- \$510 million to restart Victoria's visitor economy including \$28 million on providing up to 120,000 travel vouchers to drive tourism back to regional Victoria.

Significant Tax Measures

The measures below are in addition to the measures previously announced as part of the Victorian government's response to COVID-19.

Duty

- For contracts entered into between 25 November and 30 June 2021, 50% waiver for new properties and 25% waiver for existing properties of land transfer duty for residential properties purchased up to \$1m
- 50% stamp duty concession for commercial and industrial properties located in regional Victoria brought forward to 1 January 2021.

Build to Rent / Land Tax savings

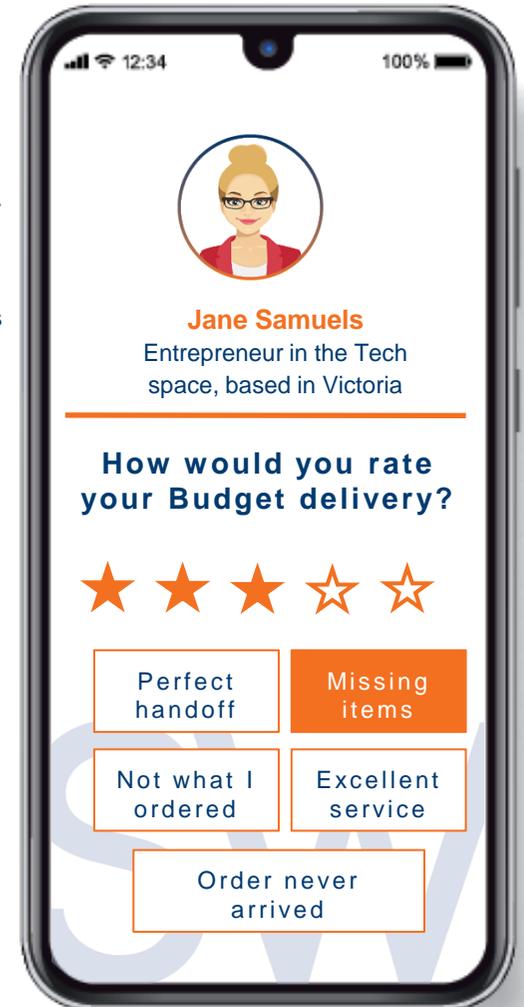
- To help establish a build to rent sector, a 50% land tax discount will be provided from 1 January 2022 to 2040 for eligible new developments. Eligible developments are also exempt from the Absentee Owner Surcharge over the same period.

Payroll tax measures

- New Job Tax Credit – Employers with Australian wages of less than \$10m will receive a non-refundable payroll tax credit equal to 10% of additional Victorian wages paid in 2021 and 2022 compared to the prior payroll tax year
- Payroll tax deferral for 2020-21 year for entities with payrolls up to \$10m
- Increase in threshold for paying payroll tax on an annual basis from \$40,000 to \$100,000 in order to boost cash flow for small business.

First Home Owner Grant

- First Home Owner Grants of up to \$20,000 for buying or building new homes in regional Victoria extended to 30 June 2021.



Opportunities for growth and stability

- We can assist businesses who are looking to access the \$2bn Breakthrough Victoria Fund for Research and Development
- Small and medium businesses will be rewarded for increasing the size of their Victorian workforce, promoting growth in Victoria
- The build to rent measures will increase the housing supply in Victoria and provide many jobs and business opportunities in the construction supply chain.

Did the VIC Budget deliver what you ordered?

It has been an extraordinary year of upheaval as the nation and nowhere more so than Victoria has been impacted by the effects of COVID-19 and we recognise that everyone has been impacted in different ways. Reach out to one of our experts below for assistance navigating the implications and opportunities this Budget presents for you, your business and your industry.



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