

# State Tax Review

## Why Are We Reviewing Our State Tax System?

Taxes raised by the South Australian Government help to pay for high quality services and government infrastructure, including hospitals and health care services, education, police, roads, public transport and a range of sports, arts and cultural facilities.

If we want to ensure that South Australians continue to have access to high quality services, we need a taxation system that can provide the funding required in a reliable and sustainable manner.

In addition we need investment in new industries and businesses

to create jobs for our young people entering the labour market for the first time, and for existing workers in search of a new career. Our tax system should support those who are investing in the State and trying to create new opportunities that will provide jobs for South Australians. The industries and jobs of the future will be quite different to those of the past, and we need to make sure that our tax system keeps pace with the changing nature of our economy.

The way in which we raise this revenue also needs to be fair to everyone.

## Our Objectives

### Revenue

Our tax system needs to provide enough revenue to deliver high quality services and infrastructure to the community, now and into the future.

### Business

Our tax system must support entrepreneurship, investment and job creation. Business must pay its fair share of State taxes, but the taxes paid by the business sector should not stand in the way of those who are actively investing in creating new opportunities. The way in which taxes are applied, and when they are paid, is just as important as the overall amount of tax paid.

### Households

Our tax system should be fair and have regard to people's ability to pay.

### Efficiency

Our tax system should collect revenue as efficiently as possible.

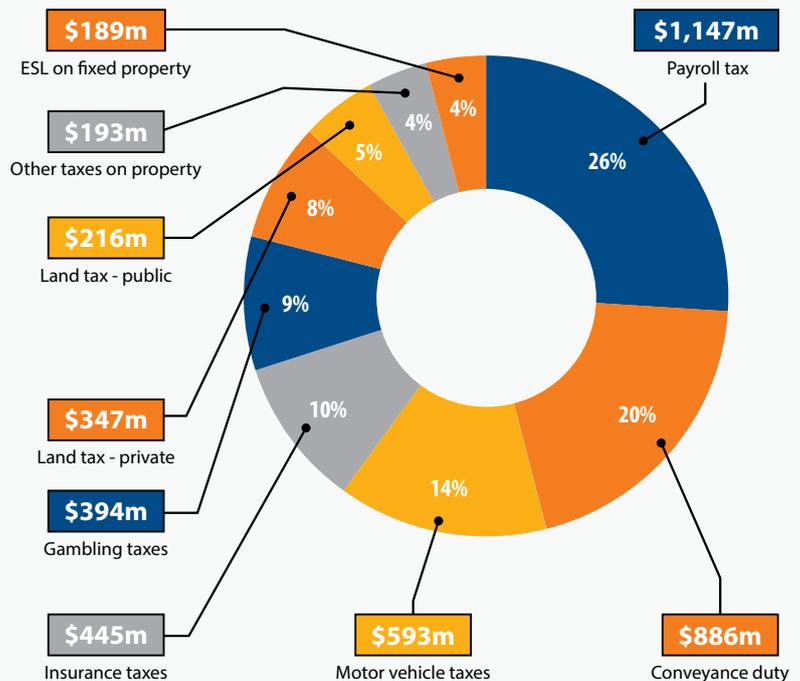
### Stability

Our tax system should be as stable and predictable as possible.

## What Does Our Current State Tax System Look Like?

It is expected that we will collect \$4.4 billion in State taxes in 2014-15, around 27 per cent of total revenue collections.

State taxation revenue (2014-15)



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## How Do We Compare?

### People

On a tax per person basis South Australia was the third lowest taxing jurisdiction in 2013-14, but we only had the equal fifth lowest share of tax collections as a percentage of the economy.

### Business

South Australia compares well in business taxation cost comparisons when differences in tax bases (eg property prices) are taken into account. Pitcher Partners' State Tax Review 2013-14 found that South Australia had the lowest total taxes and charges for a larger representative business and the second lowest for a smaller representative business. In KPMG's Competitive Alternatives 2014 report Adelaide was found to have the lowest total effective tax rate.

### Payroll Tax

Most competitive payroll tax regime according to the Commonwealth Grants Commission.

### Stamp Duties

Relatively high rates of duty including for business transactions.

### Mining Royalties

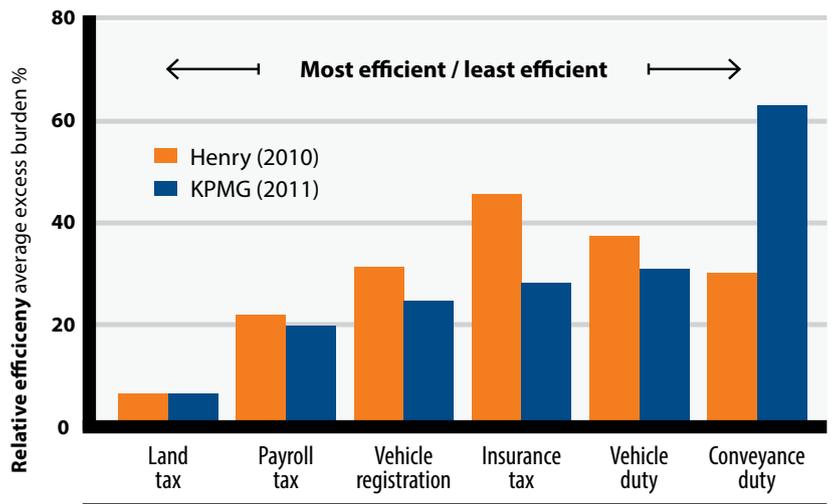
Competitive rates of mining royalties.

## Summary of interstate comparisons – ranking of 1 equals lowest

	Tax as a % of GSP	Tax per capita	Commonwealth Grants Commission tax effort ratio	Pitcher Partners (large business)	KPMG Competitive Alternatives*
	2013-14	2013-14	2012-13	2013-14	2014
NSW	8	6	7	5	4
Vic	7	5	6	2	2
Qld	=5	4	2	3	3
WA	2	8	4	4	na
SA	=5	3	8	1	1
Tas	4	1	3	na	na
ACT	3	7	5	na	na
NT	1	2	1	na	na

\* 2014 Edition, "Focus on Tax" Supplement.

## The Economic Impact Of State Taxes



## How To Participate

**We are keen to hear from all South Australians about their thoughts on the State taxation system.**

A State Tax Review Discussion Paper and further information on consultation arrangements are available on the Government's YourSAy website.

[www.yourSAy.sa.gov.au](http://www.yourSAy.sa.gov.au)

Submissions to the State Tax Review are due by **10 April 2015**.