

**STATE BUDGET 2007-2008**

**BACKGROUND**

In the State Budget handed down on 7 June 2007, the Government announced taxation measures in relation to pay-roll tax and land tax.

The *Statutes Amendment (Budget 2007) Act 2007* that gives effect to these measures was assented to by His Excellency the Governor, today, 9 August 2007.

(RevenueSA Circular No 278 and 279 issued on the 7 June 2007 and 14 June 2007 respectively outline the proposed budget changes).

**PAY-ROLL TAX**

The pay-roll tax measures in the Amending Act were:

- From 1 July 2007:
  - A reduction in the pay-roll tax rate from 5.5% to 5.25% for wages paid or payable on or after this date.
- From 1 July 2008:
  - A further reduction in the pay-roll tax rate from 5.25% to 5.0% for wages paid or payable on or after this date.

Any overpayments of pay-roll tax as a result of employers who have already lodged their July 2007 return using the old rate of 5.5% will be adjusted as part of the Annual Reconciliation process as per RevenueSA [Circular 278](#).

**LAND TAX**

Details of the land tax measures which apply from the 2008-2009 land tax assessment year can be found in [Circular 279](#).

**FURTHER INFORMATION**

Further information regarding these amendments may be obtained from RevenueSA.

**Location**

RevenueSA  
State Administration Centre  
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**Postal**

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9/8/2007

COMMISSIONER OF STATE TAXATION

Historical Use Only

**Appendix 1****ESL FORMULA FOR THE 2007/2008 FINANCIAL YEAR****1. Levy Formula**

State Government remissions are granted to all property types. To determine the value of remission to be applied, the levy is calculated in full using the Prescribed Levy rate, and then the calculation is performed using the 'effective' components detailed in the tables below. The remission applicable is the difference between the full Levy amount and the 'effective' Levy amount.

	<b>FIXED CHARGE</b>	
<b>Plus</b>	<b>VARIABLE CHARGE</b>	<b>(Capital Value x Area Factor x Land Use Factor x Prescribed Levy Rate)</b>
<b>Equals</b>	<b>GROSS LEVY</b>	(The amount of Levy applicable before State Government remissions/concessions are applied)
<b>Less</b>	<b>REMISSION</b>	(The difference between the GROSS LEVY and the Levy amount calculated using the 'Effective' components outlined in the tables below)
<b>Less</b>	<b>CONCESSION</b>	(Up to \$40 for pensioners, self funded retirees and other eligible beneficiaries)
<b>Less</b>	<b>PAYMENTS</b>	
<b>Plus</b>	<b>ARREARS</b>	
<b>Equals</b>	<b>TOTAL PAYABLE</b>	

**2. Levy Components****FIXED CHARGE**

<b>Category</b>	<b>Fixed Charge (\$)</b>	<b>Effective Fixed Charge (\$)</b>
All properties in Regional Area 3	50	0
Special Community Use	50	20
All Other Land Use Categories and Areas	50	50

**AREA FACTOR**

<b>Emergency Services Area</b>	<b>Area Factor</b>	<b>Effective Area Factor</b>
Regional Area 1 (R1)	0.8	0.8
Regional Area 2 (R2)	0.5	0.5
Regional Area 3 (R3)	0.2	0.1

Regional Area 4 (R4)	1.0	1.0
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### LAND USE FACTOR

Land Use Category	Land Use Factor	Effective Land Use Factor
Commercial (CO)	1.00	1.00
Industrial (IN)	1.50	1.50
Residential (RE)	0.40	0.40
Rural (RU)	0.30	0.30
Vacant (VA)	0.30	0.30
Other (OT)	0.50	0.50
Special Community Use (CU)	0.50	0.10

### LEVY RATE

Land Use Category	Prescribed Levy Rate	Effective Levy Rate	
	All Areas	R1, R2 & R3	R4
Commercial	0.001270	0.001005	0.001005
Industrial	0.001270	0.001166	0.001166
Residential	0.001270	0.000260	0.000260
Rural – Primary Production	0.001270	0.000095	0.000260
Vacant	0.001270	0.000095	0.000260
Other	0.001270	0.000260	0.000260
Special Community Use	0.001270	0.000425	0.000425

### CONCESSIONS

Up to \$40 for pensioners, self funded retirees and other beneficiaries in respect of their principal place of residence.

### OTHER REMISSIONS

Full remission of the fixed and variable charge applies to properties with a Capital Value of \$1,000 or less in Regional Areas 2 and 3.

A full remission applies to levy accounts of \$20 or less where property ownership is confined to Regional Area 3.

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