

BIG CORPORATIONS TAX

MAKE BIG CORPORATIONS PAY THEIR FAIR SHARE, FUND ESSENTIAL SERVICES

The ACT has a limited number of avenues to raise revenue to pay for the essential services that keep our city running, and to invest in the things our city needs as it grows. Tax is a key tool the ACT Government uses to raise revenue, and its main sources are rates, land tax, stamp duty and payroll tax.

The ACT Government has foreshadowed cuts within the upcoming 2025-26 Budget, warning of “tough” and “difficult” decisions after spending hundreds of millions of dollars more than expected on health services this financial year.

The Greens have been clear that **Labor’s minority government must not balance the books at the expense of people who most need support**. One of the first programs revealed to be on the chopping block has been the Rent Relief Fund, which the government has said is likely to end, but the Greens believe should be made permanent.

To keep paying for the essential supports that make Canberra inclusive and fundamentally liveable for everyday people, the Greens propose introducing a new tax rate for the largest corporations operating in the ACT.

The ACT already has a progressive approach to payroll tax, meaning that the bigger a business is, the more tax is paid. The thresholds and related tax rates are laid out in the table below (fig.1). Increases to the ACT’s payroll tax rates are already underway, with a surcharge on bigger companies levied from July 2024, and a higher surcharge to take effect from July 2025. The Greens are proposing a new payroll tax bracket for the very largest companies operating in the ACT, those with an Australia-wide payroll of over \$200 million.

Australia Wide Payroll	Current tax rate from 1 July 2024	Tax rate from 1 July 2025
Businesses under \$2 million	Not taxed	Not taxed
More than \$2 million and less than \$50 million	6.85%	6.85%
More than \$50 million and less than \$100 million	6.85% + 0.25%	6.85% + 0.5%
Over \$100 million	6.85% + 0.5%	6.85% + 1%
Greens Proposal		
Over \$200 million		6.85% + 4%

Fig. 1: Current payroll tax rates

Corporations with a national payroll over \$200 million include the big banks, the airlines, the supermarkets and the big national retail chains, all of which have contributed to the cost of living challenges facing everyday people. Canberrans have been dealing with higher prices, cancelled flights, self check-in, self-check out, unaffordable mortgage rates and poorer services all while delivering record profits to these largest corporations.

Levying this new tax rate only on the largest national corporations operating in the ACT will provide the ACT Government with approximately an extra \$107 million every year to fund essential support for Canberrans.

Planned increase to existing thresholds		
Australia Wide Payroll	Tax rate from July 1 2025	Estimated Annual Revenue Generated
More than \$100 million and less than \$200 million	6.85% + 1%	\$67,484,016
More than \$200 million	6.85% + 1%	\$279,053,049
	Total	\$346,537,065
Greens Proposal		
More than \$100 million and less than \$200 million	6.85% + 1%	\$67,484,016
More than \$200 million	6.85% + 4%	\$385,697,526
	Total	\$453,181,542
	Additional	\$106,644,477

Fig. 2: Greens analysis of forecast revenue¹

This new, higher tax threshold would ensure that the businesses reaping the largest profits are making a bigger contribution to the city they are operating in. It will make sure they pay their fair share.

¹ Information provided by the ACT Treasurer from the Revenue Commissioner in Question on Notice 315
We note that this estimated revenue is based on information from the 2023 - 2024 financial year.

The 500 biggest corporations in Australia made almost \$100 billion in super profits in 2022 and 2023.² We should be making these changes and demanding big corporations pay their fair share to invest in Canberrans' health, education, environment and other essentials.

Company	Net profits after tax
Commonwealth Bank	\$9.48 billion
Westpac	\$6.99 billion
ANZ	\$6.535 billion
Wesfarmers (includes Bunnings, Officeworks, Kmart)	\$2.557 billion
Woolworths	\$1.71 billion
Qantas	\$1.25 billion
Coles Group	\$1.1 billion

Fig. 3: Net profits pre-tax from select large companies in financial year ending 30 June 2024

This new tax will not impact small to medium businesses in the ACT. 97% of businesses in the ACT will continue not to pay any payroll tax at all³ and **over 99% of businesses operating in the ACT will not be affected by the Greens' proposal.**

This proposed change in tax brackets remains modest, whilst providing significant benefits to increased revenue for the ACT Budget and provision of essential services. In national terms, these changes will put the ACT at the forefront of progressive tax brackets for payroll tax.

² Oxfam Australia, 'A Case for Taxing Corporate Crisis Profits in Australia' page 14.

³ ACT Government, 'Inquiry into Insurance Costs in the ACT' ACT Government Submission Standing Committee on Economics, Industry and Recreation page 4.