

IPA MEDIA RELEASE

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IPA uncovering State tax imposts

The free market think tank the Institute of Public Affairs today released a new report *Business Bearing the Burden* on state tax liabilities.

Western Australia has the lowest business taxes in Australia, at about six per cent below the average of all states. At the other end of the scale, New South Wales is the high tax jurisdiction. Its taxes are about seven per cent above the average, and about 14 per cent above those in WA.

One of the authors of the research study, IPA Research Fellow, Julie Novak said, "NSW takes the unwanted title of Australia's high tax state. This is on top of a moribund state economy and underperforming government, and is a severe blow to business."

"On the other hand, Western Australia levies the lowest tax burdens in 2008. Low taxes encourage investment and growth, but WA needs to reduce taxes further to head off its competitors in Queensland and Victoria."

"Even though there are significant differences in interstate tax liabilities, every government should prioritise tax reform to help kick-start business in the current economic climate," Ms Novak said.

The IPA study sheds light on tax burdens imposed by states. This helps business make decisions about where to invest, and assists the community in understanding how state taxes affect business conditions around Australia.

State tax on a medium-sized business 2008

State	Tax liability	Ranking
Western Australia	\$195,621	1
Queensland	\$197,388	2
Victoria	\$202,421	3
Tasmania	\$210,179	4
South Australia	\$219,067	5
New South Wales	\$222,356	6

Based on tax liabilities borne by a reference business. Excluding workers' compensation premiums. State tax liability rankings are scaled from 1 to 6 (1 being the lowest liability to 6 being the highest).

For further information and comment:

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Full report *Business Bearing the Burden* available at www.ipa.org.au