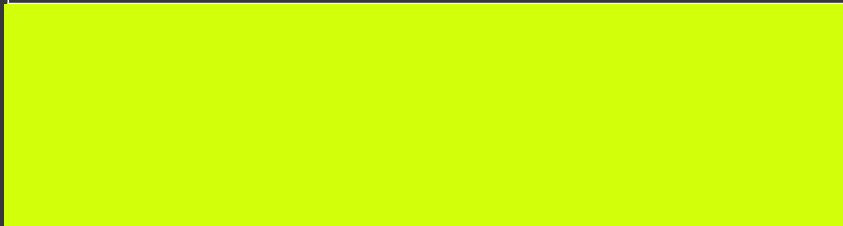


Regulatory costs and trading environment

2025

BCA

Business Council of Australia



		Change from last year
1st	South Australia	
2nd	Northern Territory	
3rd	Australian Capital Territory	▲ 2
4 th	New South Wales	
5 th	Tasmania	▼ 2
6 th	Queensland	
7 th	Western Australia	
8 th	Victoria	

Ranking regulatory costs and the trading environment:

Since the last report, Australia’s economic growth remains subdued and inflation has eased into the Reserve Bank’s target range. Businesses however continue to face cost pressures across wages, energy, rent, and supply chain dynamics which continue to weigh on confidence and create headwinds for investment, innovation, and job creation. Business taxes have also been increasing, alongside a heavier burden of regulation.

Various taxes legislated and levied by the states and territories create a differential cost environment for businesses. Jurisdictions charge differing rates, resulting in business locations with varying costs. A higher cost and tax environment can dampen the appetite for business investment.

As the BCA’s 2023 *Seize the Moment* report makes clear, the tax system should raise revenue with the least possible cost to society by minimising distortions to the way we work, save, and invest. State taxes are among the most destructive in the federation. Payroll tax is a tax on jobs, and stamp duty increases the cost of buying a house. It also discourages people from upsizing or downsizing their homes or moving closer to a new, more productive job. Additionally, stamp duty makes it harder for small businesses to relocate as they grow.

The analysis in this section takes the approach of comparing tax rates, thresholds, and associated tax scale systems, as these are key factors in determining the tax applicable for different sizes of business. It also helps serve as an early signal/benchmark for investors when making comparisons across jurisdictions.

Other regulatory areas, such as retail trading legislation and business licensing requirements also differ amongst the states and territories. Restricting the hours that a business can operate can reduce the income that a business could have otherwise generated, representing an opportunity cost. It also inconveniences customers and reduces opportunities for staff. Extensive licensing requirements can also lead to higher costs and act as barriers to growth, as well as insurance duties – which have been added to this year’s analysis.

Together, these regulatory factors impact businesses differently across jurisdictions, creating an environment where it can be more (or less) expensive and difficult to operate in one state or territory compared to another.

Tax on employing workers

Low payroll tax rates

High payroll tax thresholds to exclude small businesses

Payroll tax scale that supports small expanding businesses

Alignment of payroll tax revenue rulings

Charges for owning or acquiring property

Low land tax rates

Land tax scale to support small expanding businesses

Low or no stamp duty

Stamp duty scale to support small expanding businesses

Flexibility of retail trading hours

Unrestricted retail trading hours on regular days

Low or no public holiday retail trading restrictions

Workers' compensation schemes

Premiums as a share of wages

Licensing and requirements to do business

Number of licences for a small café

Number of licences for a small childcare service

Number of licences for a small clothing, footwear, and accessories retailer

Insurance Duties

General duty rate

CTP insurance rate

Professional indemnity insurance

Tax on employing workers

South Australia's payroll tax system ranks first, ACT's ranks last.

Why we measured this

Payroll tax is an additional cost that business must absorb when they hire more staff. A national business must also deal with eight different payroll tax regimes with differences in rates, thresholds, scaling systems, exemptions, and administration across the country. This can deter a business from expanding and hiring workers in a particular jurisdiction, which is counterproductive for governments seeking to create more jobs.

We have measured the highest payroll tax rates used in each jurisdiction (inclusive of any levies and surcharges that have been added), as this is the rate that large employers are likely to face. We have also considered the threshold at which payroll tax kicks in because this dictates how likely a small business is able to stay out of the payroll tax system.

We included a detailed examination of each jurisdiction's payroll tax scaling structure to calculate effective tax rates for expanding small businesses across different payroll sizes. Additionally, we evaluated alignment with payroll tax revenue rulings, which enhance administrative consistency for businesses operating across multiple jurisdictions.

What we measured

- Highest payroll tax rates charged (including levies and surcharges).
- Thresholds for when payroll tax is applicable.
- Payroll tax rates charged for different payroll sizes (from \$1 million to \$25 million, increasing by \$1 million).
- Alignment to the payroll tax revenue rulings.

Tax on employing workers rankings

1 st	South Australia	
2 nd	New South Wales	
3 rd	Northern Territory	
4 th	Queensland	▼ 1
5 th	Tasmania	
6 th	Western Australia	
7 th	Victoria	
8 th	Australian Capital Territory	

Key findings

South Australia retains its first place ranking with the lowest payroll tax rate for large employers and third highest tax-free threshold. With the lowest payroll tax rate and its progressive deduction system, South Australia also leads the way for the lowest payroll tax rates for small businesses. The Northern Territory has improved to hold third place outright (previously joint with Queensland), while Queensland has slipped to fourth.

The ACT imposes the highest basic flat rate for payroll tax, with large businesses facing additional burden through the highest large business surcharge. While the ACT maintains the second-highest tax-free threshold, it ranks second lowest for small expanding businesses. This poor ranking stems from the high tax rate, which rapidly offsets the benefit of the threshold as payroll costs increase.

Changes since last year

- The Northern Territory increased the annual tax-free threshold from \$1.5 million to \$2.5 million, which helped to lift its ranking. This was despite changes to the phasing of the deductible amount.
- Victoria raised the tax-free threshold from \$900,000 to \$1 million in addition to an increased deduction phase out rate, from 45 per cent to 50 per cent.
- The ACT increased the large business surcharge rates by 0.25 per cent. Employers with a national payroll between \$50 million to \$100 million will now pay a surcharge of 0.5 per cent, up from 0.25 per cent and those with a national payroll over \$100 million will pay a surcharge of 1 per cent, up from 0.75 per cent.

Increasing payroll taxes on business detracts from investment and jobs

Similarly to 2024, the ACT was the only jurisdiction to change their highest payroll tax rate (including levies and surcharges) in its 2025-26 Budget. The ACT also announced a range of changes that come into effect 1 June 2026 and are therefore not included in the comparison. The changes include reducing the tax-free threshold from \$2 million to \$1.75 million, reducing the payroll tax rate to 6.75 per cent and introducing a new surcharge of 0.1 per cent on employers with Australia-wide wages between \$20 million and \$50 million.

Thresholds keep small business out of the system

Victoria and the Northern Territory are the only states to change the payroll tax-free threshold this year, with Victoria lifting the threshold from \$900,000 to \$1 million and the Northern Territory lifting the threshold from \$1.5 million to \$2.5 million. Victoria's threshold remains the lowest in the nation, tied with Western Australia while the Northern Territory now holds the highest tax-free threshold.

Payroll tax scale systems ease the burden on small expanding businesses

Payroll tax scale systems vary across each jurisdiction, affecting the rates applied to smaller businesses depending on their payroll size. Before the highest payroll tax rate or any surcharges apply, jurisdictions may use different structures—ranging from a single marginal rate above a tax-free threshold to progressive rates with phased-out deductions. As a result, small and growing businesses may face different effective rates both within and across jurisdictions, depending on their payroll size.

The Northern Territory's changed its scaling system with the deductible amount phasing at a faster relative rate of \$1 for every \$2 of Australian wages above an elevated tax-free threshold.

Victoria also introduced a deduction phase out rate of 50 per cent from 1 July 2025 which was announced in the 2024-25 state budget. This phase out rate is up from 45 per cent in 2024-25.

Revenue rulings provide greater administrative consistency

State and territory revenue offices may issue revenue rulings to clarify the interpretation of administrative provisions within payroll tax legislation, for example, how fringe benefits should be valued for payroll tax purposes. All jurisdictions have agreed to a set of revenue rulings addressing these administrative matters.

The extent to which each jurisdiction has adopted these rulings affects the level of consistency experienced by businesses operating across multiple states and territories. New South Wales continues to lead in the number of adopted rulings, followed closely by Victoria and Tasmania, with Queensland and South Australia also having adopted many. In contrast, the ACT and Western Australia have adopted significantly fewer rulings, with Western Australia adopting the fewest overall.

Special payroll tax settings

The Victorian and Queensland payroll tax systems are unique in that they have reduced rates for regional employers. This lower rate applies if at least 85 per cent of a business' taxable wages are paid to regional employees, and for Queensland the principal place of employment is also in a regional area. The Victorian regional rate is 1.2125 per cent while eligible employers in Queensland receive a 1 percentage point deduction on their payroll tax rate. Large businesses with payroll sizes exceeding \$350 million are not eligible for Queensland reduced regional rate. Regional rates are not included in the rankings as they are not available to a typical business.

Charges for owning or acquiring property

The ACT continues to have the lowest land charges in the country, while Victoria remains the highest.

Why we measured this

Land tax and stamp duty are significant contributors to the cost of doing business when holding or transacting land and property. Land tax is an ongoing operational expense, whereas stamp duty is a one-off cost incurred at the point of acquisition, effectively increasing the upfront purchase price. While land tax is typically lower than stamp duty initially, it can accumulate to a substantially higher cost over time. In contrast, stamp duty is widely regarded as economically inefficient, as it discourages transactions and penalises economic activity.

Each jurisdiction operates under separate legislation, leading to varying land tax and stamp duty rates across jurisdictions. These differences create location-based cost disparities for businesses.

First introduced in last year's scorecard, we have again examined the full range of land tax scales, including surcharges applicable to trusts and foreign-owned businesses. Similarly, we reviewed stamp duty scales, accounting for any additional charges imposed on foreign investors. This approach enables us to assess tax impacts on expanding businesses holding or trading land and property at different values. Given the relevance to housing supply, we also considered stamp duty rates applied to residential property investments, which vary significantly for foreign investors, though these differences had a limited effect on overall rankings.

What we measured

- Highest land tax rates charged.
- Land tax rates charged for different land values (from \$0.5 million to \$12.5 million, increasing by \$0.5 million).
- Highest stamp duty rates.
- Stamp duty rates charged for different property values (from \$0.5 million to \$12.5 million, increasing by \$0.5 million).

Charges for owning or acquiring property rankings

1 st	Australian Capital Territory
2 nd	Tasmania
3 rd	South Australia
4 th	Northern Territory
5 th	New South Wales
6 th	Western Australia
7 th	Queensland
8 th	Victoria

Key findings

There have been no changes to the overall rankings despite changes in New South Wales and South Australia. The ACT retains its position as the top-ranked jurisdiction, driven by its first place ranking for land tax—due to no land tax being levied on commercial property (alongside the Northern Territory)—and third-place rankings for stamp duty in both highest rate and tax scaling for small businesses.

Victoria remains the lowest-ranked state, reflecting the third-highest rate for domestic owners and highest land tax rate for foreign owners. It also imposes the highest stamp duty rate nationally. Victoria ranks lowest overall for both land tax and stamp duty applicable to small, expanding businesses. This outcome is reinforced by the 2024 introduction of a COVID land tax surcharge and an increased absentee owner surcharge for foreign investors.

Surcharge increases for foreign owners were also implemented by Queensland and New South Wales across both land tax and stamp duty. As of January 2025, New South Wales now imposes the highest combined land tax and stamp duty rates for foreign purchasers of residential property, following a 1 percentage point increase.

Changes since last year

- In New South Wales, the foreign owner surcharge on both land tax and stamp duty has been increased, while stamp duty thresholds have also been increased.
- South Australian land tax thresholds have also been increased.

Land tax and stamp duty scale systems ease the burden on small businesses

As with payroll tax, land tax and stamp duty systems differ across states and territories, influencing the rates applied to smaller businesses that hold or trade land and property of varying values before the highest rates or surcharges are triggered. These systems also vary based on the ownership structure, whether the entity is an individual, company, trust, or a foreign equivalent, and the type of property, such as residential or commercial. For small but growing businesses, this means the applicable rates can differ significantly both within and between jurisdictions, depending on the nature of the operation and the value of the land or property involved.

New South Wales's freeze on the annual indexation of land tax thresholds is in effect with all land tax thresholds fixed at their 2024 valuations. South Australia remains the only state to continue indexing land tax thresholds, with South Australian land tax thresholds for 2025-2026 increasing around 14 per cent, with the general tax-free threshold for land tax increasing to \$833,000 and the top tax rate threshold increasing to \$3,116,000. A lack of annual indexation of thresholds leads to higher land tax for business as land value appreciates.

Increasing land tax contributes significantly to the cost of doing business

New South Wales lifted the foreign owner surcharge to 5 per cent, effective from 1 January 2025. However, unlike in Queensland and Victoria, these surcharges apply only to residential land, just as in the ACT. These surcharges deter foreign investment, which brings new capital into Australia.

Last year, Victoria introduced the Commercial and Industrial Property Tax (CIPT), which replaces stamp duty with an annual tax set at 1 per cent of the unimproved land value. The tax will apply to eligible properties from 1 July 2024 but only takes effect ten years after a qualifying transaction. It is charged in addition to any applicable land tax. Given the complexity of the transition to CIPT, it has not been included in our comparative rankings. Victoria, Queensland, New South Wales and the ACT remain the only jurisdictions that apply land surcharges for foreign owners.

Increasing stamp duty discourages and penalises economic activity

New South Wales increased its foreign purchaser duty on residential property from 8 per cent to 9 per cent. Prior to the change, NSW was already positioned as the least favourable jurisdiction in Australia for foreign residential property investment, with additional rate increases only accentuating this unfavourability.

The policy proves particularly counterproductive for new construction projects, where foreign capital could help expand housing stock for residents and citizens. At a time when governments are actively working to increase housing supply, these surcharges may be undermining those efforts.

Across Australia's eight jurisdictions, six impose foreign owner surcharges on stamp duty, all targeting residential property exclusively. The ACT and Northern Territory remain as the only jurisdictions to not impose a surcharge.

While some jurisdictions do provide exemptions for the provision of new housing and accommodation, the feedback we have heard from BCA members is that these processes can take many months to achieve an outcome; with one example we have seen taking 18 months. This has the effect of delaying the delivery of new homes.

Special land tax and stamp duty settings

We considered the different tax rates for various types of entities (companies, trusts, foreign entities) and types of property investments, whether residential (business transactions) or commercial. Notable exclusions from the rankings include specific stamp duty rates for individuals, additional levies, infrastructure or service costs, and targeted surcharges, exemptions, and concessions. These varying amendments target only portions of the market within each jurisdiction.

Examples include the Metropolitan Region Improvement Tax charge in Western Australia for property owners in the Perth Metropolitan Region, and in the ACT, both the City Centre Marketing and Improvement Levy and the Police, Fire and Emergency Services Levy. Similarly, in Victoria, the Metropolitan Parks Charge is a levy on all metropolitan properties via water bills. These charges are added to the land tax, increasing annual costs for businesses. The ACT also imposes a commercial lease duty for leases that pay a 'premium' over 25 per cent above market value, as this transaction is considered a transfer of the property. Various jurisdictions provide concessions or exemptions of stamp duty for purchases of new homes by certain groups of purchasers, usually first home buyers or pensioners. Jurisdictions also offer concessions around build-to-rent projects.

Flexible retail trading hours

The ACT and Northern Territory have no restrictions while Western Australia is the most restrictive.

Why we measured this

Restrictions on retail trading hours can limit business sales by preventing businesses from operating at times that best serve their customers. These limitations can lead to inefficiencies in business operations, adding an extra burden for businesses.

Retail trading hours are regulated at the state and territory level, leading to varying restrictions and complexities, including a detailed evaluation of each jurisdiction's retail trading restrictions, considering both regular trading days and public holidays.

What we measured

- Legislated restrictions on regular day retail trading.
- Legislated restrictions on public holiday retail trading.

Flexible retail trading hours ranking

1 st	Australian Capital Territory	
	Northern Territory	
3 rd	Tasmania	
	Victoria	
5 th	New South Wales	
6 th	South Australia	
7 th	Queensland	
8 th	Western Australia	

Key findings

The ACT and Northern Territory maintain their top spots in the ranking for a third year in a row, with no legislated trading hour restrictions for either regular or public holiday trading.

NSW, Victoria and Tasmania have the largest unrestricted regular trading day hours continuing from last year.

South Australia, Queensland and Western Australia have kept the status quo of having the most restrictive trading hours with respect to trading hours. Western Australia maintains the lowest rank due to fewer exemptions and shorter trading hours.

Restrictive retail trading hours limit trading opportunities

Most jurisdictions have largely no restrictions on regular day retail trading hours. However, South Australia, Queensland, and Western Australia maintain more antiquated operating environments. These states impose varying restrictions based on geographic areas, with regional areas often having fewer trading hours compared to capital city regions.

In South Australia, many retail shops are classified as exempt. A shop's 'exempt' or 'non-exempt' status, along with its daily trading hours, is determined by its location, size, and type of goods sold. Non-exempt shops must adhere to location-specific hours, which can range from midnight to between 5pm and 9pm, depending on the location and day of the week. Sunday trading is generally allowed, except in the three Proclaimed Shopping Districts. Reforms in 2022 extended Sunday trading hours in Adelaide.

In Queensland, many retail shops are classified as 'exempt' and can trade freely. 'Non-exempt' shops have their daily trading hours determined by their geographic area, which is categorised into one of four types. Trading hours range from 6am to 9am opening times and from 6pm to 10pm closing times. Type 4 trading areas, typically found in smaller regional towns, have the most restrictive environment, including a prohibition on Sunday trading.

In Western Australia, all shops are classified as 'general retail shops' unless they fall into a unique exempt specialised category. 'General retail shops' have their daily trading hours determined by their geographic area, typically ranging from 8am to 11am opening times and from 5pm to 9pm closing times. Businesses in the Perth Metropolitan Region generally face fewer restrictions than those in regional areas. However, local governments in Western Australia can request extensions to trading hours for general retail shops. Many communities have taken advantage of this, resulting in unrestricted or more flexible trading hours than those prescribed by the Act.

Deregulating public holiday trading hours boosts economic activity, construction and improves consumer convenience

The ACT and the Northern Territory continue to have no restrictions on retail trading hours during public holidays. In contrast, New South Wales has the strictest regime, with currently five full days when most businesses must remain closed (Good Friday, Easter Sunday, Christmas Day, Boxing Day and Anzac Day). NSW has a conditional exemption for Boxing Day allowing a business to open provided employees freely elect to work.

Queensland mandates closures for non-exempt businesses on four days: Good Friday, Anzac Day, Labour Day, and Christmas Day. In South Australia, public holiday restrictions vary based on a business's exemption category, ranging from closure for two days (Good Friday and Christmas Day with restricted trading hours on most public holidays) to closure for all full-day public holidays.

Similarly, in Western Australia, where restrictions also vary based on exemption category, businesses may be required to close for three days (Good Friday, Christmas Day, and Anzac Day with restricted trading hours on most public holidays) or for all full-day public holidays.

Both Victoria and Tasmania require non-exempt businesses to close on Good Friday, Christmas Day, and the morning of Anzac Day.

Cost of workers' compensation schemes

Queensland still leads with the lowest premium rate, while increases in New South Wales, Western Australia, Tasmania and the ACT lift the national average.

Why we measured this

Workers' compensation is a compulsory form of insurance paid by most employers in Australia. It provides protection to employees if they suffer a work-related injury or illness. The workers' compensation system in Australia is highly complex, with differences in the mandated entitlements and premium rates under each state's legislation and variances between the different insurance schemes. There are material differences in how the premium rates are applied by each state and, by extension, the burden they have on businesses.

Introduced in last year's scorecard, we again include a comparison of the cost of workers compensation insurance. We compare the latest average premium rate in effect within each jurisdiction, expressed as a percentage of wages. This approach allows for a simple comparison of the financial burden incurred by businesses in each jurisdiction.

What we measured

- Average premiums as a percentage of wages.

Cost of workers' compensation schemes ranking

1 st	Queensland	
2 nd	Western Australia	
3 rd	Victoria	▲ 3
4 th	Australian Capital Territory	▲ 1
5 th	Tasmania	▼ 2
6 th	South Australia	▲ 1
7 th	New South Wales	▼ 3
8 th	Northern Territory	

Key findings

Queensland has the most competitive workers' compensation premiums, over 30 per cent lower than the highest jurisdictional rate. The national average premium rate rose over the year, driven by increases in jurisdictions with comparatively high premium rates, even prior to the change.

Premium rates in Queensland and Western Australia fell below the national average while premiums in New South Wales, Victoria, South Australia, Tasmania, the ACT, and the Northern Territory are higher than the national average.

Change drivers

- Average workers compensation premium rates, as well as jurisdictional actuarial reviews, have increased premium rates across New South Wales, the ACT, Queensland and Western Australia.

The NSW Government is undertaking reform of its current workers compensation scheme, to manage rising costs. Given, at the time of writing, these reforms are not yet legislated, they are not incorporated into the rankings.

Differences in schemes and administration increase compliance costs for businesses that operate in multiple jurisdictions

Increases in jurisdiction-level workers' compensation premiums impose a heavy burden on businesses, particularly amid turbulent economic conditions. For large businesses, whose premiums are tied to their individual claim history, changes in premium rates often have a disproportional impact relative to the jurisdictional average. Additionally, variations in benefits, coverage, claims management and funding arrangements for safety services across jurisdictions further complicate cost management, weighing further on the cost of doing business.

As the national average premium rate continues to rise, so too does the gap in jurisdictional competitiveness. The divergence is partly driven by increases in jurisdictions that already had comparatively high premium rates prior to the increase – where high rates are increasing further, while low rates remain relatively unchanged. Continuation of this trend will broaden the divergence of jurisdictional competitiveness thereby placing further pressure on labour markets in uncompetitive jurisdictions in this environment, jurisdictional competitiveness can be improved on a relative basis by simply holding rates constant.

This analysis is based on the latest average premium rates announced by each jurisdiction, as well as jurisdictional actuarial reviews of schemes. Rates have been standardised to allow for comparisons where the premium base includes superannuation.

Licensing and requirements to do business

Northern Territory continues to have the least business and licensing requirements, and Victoria has the most licensing and requirements to do business.

Why we measured this

The complexities and variations in business licensing across Australia significantly impact businesses, particularly small ones. Increased administrative burdens, delays in obtaining necessary licences, and compliance risks can lead to higher costs and act as barriers to growth.

Businesses must navigate a range of licences, permits, and registrations required at federal, state, and local levels, which can vary significantly by business type. In this year's scorecard, we assessed the complexity of these requirements by examining the number of business licences across each jurisdiction. We considered the different codes of practice, licences, and regulatory obligations required for three typical types of small businesses.

What we measured

- The number of licences required for a small café
- The number of licences required for a small childcare service
- The number of licences required for a small clothing, footwear, and accessories retailer

Licensing and requirements to do business rankings:

1st	Northen Territory	
2nd	South Australia	▲ 1
3rd	Queensland	▼ 1
4 th	New South Wales	▲ 2
5 th	Western Australia	
	Australian Capital Territory	▼ 1
7 th	Tasmania	▲ 1
8 th	Victoria	▼ 1

Key findings

The Northern Territory ranks first having the least onerous licensing requirements for a second year in a row, while South Australia improved to second place.

Victoria and Tasmania again have the most voluminous licensing requirements and rank consistently in the bottom two across all three business types.

Change since last year

- Readjustments to the scope of licensing and other regulatory requirements to exclude low likelihood edge cases and changes to regulatory obligations, resulting in readjustments across all states.

Café operations

We have considered several assumptions regarding the licences needed to establish a café business. These include having minor construction on the premises, playing background music, setting up tables and chairs outside on public land, placing a board sign outside on public land, using printed and/or electronic materials, serving alcohol, and employing apprentices and staff on working holiday or skilled visas. This approach allowed us to compare business licences for café operators across different jurisdictions comprehensively.

Café operations, out of the three business types, continue to require the most extensive licensing across all jurisdictions. This is due to the higher number of general business licences needed, along with additional food and liquor regulatory obligations. Tasmania and Victoria continue to have the highest licensing requirements for café operations, approximately two-thirds more than the Northern Territory, which has the lowest for two years in a row. South Australia has the second lowest licensing requirements.

Childcare services

The assumptions regarding the licences needed to establish a childcare business are similar to those for a café. However, there are key differences for children recognising the importance of regulation in protection of children from harm, and we recognise the importance of these aspects of the regulation, which are understandably being scrutinised for their effectiveness at present.

Business licensing for childcare services is the second most extensive among the three business types across all jurisdictions, primarily due to unique standards for childcare. Similar to café operations, Tasmania and Victoria continue to have the most voluminous licensing requirements, nearly double those of the Northern Territory, which has the least. State and council-level differences also mirror those seen in café operations. Western Australia and New South Wales have the joint second-lowest licensing requirements, followed by the ACT in third place.

Clothing, footwear, and accessories retail

The assumptions regarding the licences needed to establish a clothing, footwear, and accessories business are similar to those for a childcare business. However, the key difference is not needing to care for children

Business licensing for clothing, footwear, and accessories retail is the least extensive among the three business types across all jurisdictions. Tasmania and Victoria, for a second year in a row, again have the most voluminous licensing requirements. This is nearly double those of Queensland, which has the least voluminous requirements, closely followed by the Northern Territory.

Insurance duties

Australian Capital Territory has no insurance duties, while South Australia has the highest overall burden of insurance duties.

Why we measured this

Insurance duties are taxes imposed on the payment of insurance premiums. These payments both impose direct cost burdens to businesses and indirect burden of regulatory complexity. For example, doctor's private practices, which pay professional indemnity insurance, have that cost further increased by a levy imposed by some jurisdictions.

For this year's scorecard we introduced insurance duties to reflect this cost to business. We compare the general insurance duty rate, along with the rates of professional indemnity and compulsory third party (CTP) insurance duties.

What we measured

- [NEW] The general insurance duty per cent rate.
- [NEW] The occupational indemnity insurance duty per cent rate.
- [NEW] The compulsory third party (CTP) insurance duty per cent rate.

Insurance duty rankings

1st	Australian Capital Territory
2nd	New South Wales
3rd	Queensland
4 th	Tasmania
5 th	Victoria
6 th	Northern Territory
	Western Australia
8 th	South Australia

Key findings

South Australia maintains the highest insurance duty rate that applies for general insurance, professional liability and CTP insurance. This is followed by Western Australia and the Northern Territory.

For professional services, such as legal, mental health, and medical, these pose a disproportionate burden on covering indemnity, as well as fleet vehicles for compulsory third party insurance.

Selective reductions for indemnity insurance may ease the burden

New South Wales, Victoria and Queensland have selectively cut insurance duty rates for indemnity insurance. Victoria has recently enacted reforms such as gradually abolishing professional indemnity insurance over a 10-year period. Meanwhile, NSW's occupational indemnity insurance sits at 5 per cent and it has abolished CTP insurance duty rates. Queensland has removed a percentage fee in favour of a small notional fee for CTP policies. The ACT abolished all insurance duties in 2016, noting they do charge an Ambulance Levy on health insurance (see below).

Individual jurisdictional levies

In addition to the duties captured by this metric, which are present in a number of states or territories, we note that some jurisdictions have specific levies that are charged to purchasers of specific insurance. Because of the disparate nature of these, we have not incorporated them into the rankings, but do note they are a cost impost on individuals and businesses. Examples of this includes the Ambulance Levy charged by the ACT and the Health Insurance Levy charged by NSW, both on private health insurance; and the Emergency Services Levy charged by NSW.

Appendix A

Methodology

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Methodology of rankings

Regulatory costs and trading environment

There are six individual ranking components that together make up the combined ranking for the ease of doing business. These components have been weighted as follows:

- Tax for employing workers – 27.5 per cent
- Charges for owning or acquiring property – 27.5 per cent
- Flexibility of retail trading hours – 15 per cent
- Workers’ compensation premiums – 10 per cent
- Licences required to do business – 10 per cent
- Insurance duties – 10 per cent

Tax for employing workers

The ranking consists of four components:

	Weight
The highest payroll tax rate charged (including levies and surcharges) for 2025-26.	50 per cent
The threshold for when payroll tax is applicable for 2025-26.	20 per cent
The payroll tax rates charged for different payroll sizes for 2025-26. Ranked by the average score across each payroll size from \$1 million to \$25 million, increasing by \$1 million.	15 per cent
The number of adopted payroll tax revenue rulings as at October 2023 (last updated then).	15 per cent

The payroll tax rates for different payroll sizes have been weighted evenly across twenty-five different payroll sizes to create an overall score for ranking. It is important to recognise that although this approach provides a more holistic view of each jurisdiction’s payroll tax system when viewed in conjunction with the highest rate and threshold, there are notable differences in scores when looking across the different payroll sizes

Revenue rulings information has been collected using the ‘Revenue Rulings Table’ provided by Payroll Tax Australia. This table provides a listing of the rulings in alphabetical order, prefaced by the applicable ruling number, along with an indication of the states and territories who have adopted them.

Charges for owning or acquiring property

The ranking consists of four components:	Weight
The highest rate of land tax charged by a jurisdiction for business property as at July 2025.	25 per cent
The land tax rates charged for different land values for 2025-26. Ranked by the average score across each payroll size from \$0.5 million to \$12.5 million, increasing by \$0.5 million.	25 per cent
The highest stamp duty rate charged for a transaction on business property as at July 2025.	25 per cent
The stamp duty rates charged for different property values for 2025-26. Ranked by the average score across each payroll size from \$0.5 million to \$12.5 million, increasing by \$0.5 million.	25 per cent

Land tax and stamp duty rates have been considered from a business perspective. Some jurisdictions – notably the ACT and South Australia – have exclusions for commercial or business properties. As such, those rates have been used in the rankings, meaning the ranking is not applicable to individuals. Consideration has been given to the different rates for various types of entities (companies, trusts, foreign entities) and types of property investments, whether residential (business transactions) or commercial.

The ACT charges ‘rates’ to businesses, which are typically levied elsewhere by local governments that do not separately exist in the ACT. To ensure a like-for-like comparison, we have not included these. We have also excluded charges that are specifically regionally based, such as the Perth Metropolitan Region Improvement Tax.

Similar to how the payroll tax systems were ranked, both land tax rates and stamp duty for different land and property values have been weighted evenly across twenty-five different values to create an overall score for ranking.

Flexible retail trading hours

The ranking consists of two components:	Weight
The restrictiveness of regular day retail trading	95 per cent
The number of public holidays with restricted retail trading hours	5 per cent

While this rating primarily addresses legislated trading hour restrictions, it’s important to recognise that other regulations can also impact trading hours. Specifically, planning controls and individual planning approvals may impose additional requirements on when a business can operate or receive deliveries. Retail hours are scored based upon a 0-5 system of overall strictness.

Cost of workers' compensation schemes

The ranking consists of a single component:	Weight
The cost of workers compensation insurance	100 per cent

The workers' compensation premium rates are indicative of the premium rate in place for the 2025-26 financial year expressed as a percentage of wages. As each jurisdiction reports premiums based on varying definitions of remuneration, all rates have been standardised to reflect wages inclusive of employer superannuation contributions. Where 2025-26 rates were unavailable for a given jurisdiction, estimates have been derived from jurisdictional actuarial reviews of schemes for 2025-26.

Licensing and other requirements to do business

The ranking consists of three components:	Weight
The number of licences and other requirements for a small café as of July 2025	33⅓ per cent
The number of licences and other requirements for a small childcare service as of July 2025	33⅓ per cent
The number of licences and other requirements for a small clothing, footwear, and accessories retailer as of July 2025	33⅓ per cent

Business licensing information has been collected using the Australian Business Licence and Information Service 'Find Licences for Your Business' tool. This tool provides business operators and those intending to start a business with detailed information to help manage their compliance obligations, including licences, codes of practice, and regulatory requirements. The tool also flags certain licences as 'important' for those with particular importance to business. Each business type was reviewed based on the number of requirements across various jurisdictions at both state and council levels.

Insurance duties:

The ranking consists of three components:	Weight
The base insurance duty as of July 2025	70 per cent
The occupational indemnity insurance duty rate as of July 2025	15 per cent
The compulsory third party insurance duty rate as of July 2025.	15 per cent

The insurance duty rates are indications of duties set for the 2025-26 financial year. Insurance duties represent a fixed rate tax levied of a given insurance premium for a specific coverage policy. Some jurisdictions have exemptions for insurance duty payments, but these may not relate to business entities covered by our rankings.

The base rate represents coverage given to a generic business insurance policy for property damage or loss of revenue. Occupational (or professional) indemnity insurance represents coverage policies for professional liability that may result in compensation of legal costs or settlements in events of unexpected damages. Compulsory third party insurance represents mandatory insurance for vehicle registration used to cover individuals injured or killed in motor vehicle accidents. The general duty rate has been weighted in this manner to represent the broader coverage a general insurance duty has on other insurance classes.