



A view on the 2025/2026 South Australian Budget

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INTRODUCTION

The Honourable Stephen Mullighan MP, Treasurer of South Australia, delivered the 2025-26 South Australian budget on 5 June 2025 (the Budget).

The Budget continues the Malinauskas Labor Government's approach of strategic investment balanced with fiscal discipline. The 2024-25 budget is forecast to record an \$18 million surplus, whilst the Budget forecasts a \$179 million surplus for 2025-26.

The Budget focuses on providing crucial funding for law and order (e.g. police, courts and correction), as well as housing, health and education.

In terms of taxation, no new tax or revenue measures were announced in the Budget. However, a number of key observations can be made regarding payroll tax collection and related measures.

PAYROLL TAX

- Payroll Tax Revenue: Total revenue from payroll tax transactions is estimated to be \$2,048 million in 2025-26, representing an increase of c. 5% against the 2024-25 Estimated Result,^[1] attributable to an increase in underlying employment growth.
- Increase in payroll tax-free threshold expense: Total estimated expenditures of \$1.3 billion, which represents 68.7% of net payroll tax revenue collections. This is a \$10 million increase from the 2023-24 estimated expenditure. The largest tax expenditure is the tax-free threshold and deduction available to small and medium businesses (who are below the threshold limits – refer below)^[2] For completeness, there were no changes announced in respect of the South Australian payroll tax rates or tax-free thresholds.

National Wages	Tax Treatment	Rate
≤ \$1.5 million	Exempt from payroll tax	0%
\$1.5m – \$1.7 million	Partial deduction; variable rate applies	0% to 4.95%
> \$1.7 million	Full rate applies	4.95%
Deduction for eligible payers	\$600,000	–

- Treasury Services: Treasury has committed to supporting eligible medical practices to comply with their payroll tax reporting obligations through the implementation of system enhancements and providing **on-going education** to the industry and advisors.^[3]
 - Increased revenue from compliance and debt collection activities: Revenue from compliance and debt collection initiatives is expected to increase to \$153.3 million in 2024–25, up from the \$92.7 million originally budgeted. This uplift is attributable to a range of activities, including enhanced payroll tax debt collection measures.^[4]
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[1] 2025-26 South Australia Budget Statement – page 33

[2] 2025-26 South Australia Budget Statement – page 164

[3] 2025-26 South Australia Budget Agency Statements – Volume 4 – page 151

[4] 2025-26 South Australia Budget Agency Statements – Volume 4 – page 152

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