

‘End this payroll tax grab’, Catholic Education says

National Catholic Education’s executive director Jacinta Collins said the Victorian Government needs to end the payroll tax grab from non-government schools, which could impact on around 20,000 Catholic school students and their families.

“The notion that government schools pay payroll tax is a nonsense asserted by senior members of the Andrews Government, and now repeated by some education and tax commentators,” Ms Collins said.

“This is evidenced by the long-standing exemption provided to State School Council employees*, and any suggestion of payroll tax for other government employees is a circular argument – the government sector just pays the tax to itself.”

Ms Collins said, we now discover universities have been given a fresh payroll tax exemption to offset the impacts of COVID-19, while schools, who have also been impacted by the pandemic, are picking up the tab.

“Suggestions of a ‘sweetheart deal’ are disrespectful and imply an impropriety by schools who are highly-regarded, not-for-profit entities.

“There is no well-established delineation between high fee and low fee schools,” she said. “Catholic schools appreciated the support some of them received for small group tutoring, and many continued to provide for families during COVID-19 with fee relief and other supports without the government’s support, while also alleviating the burden on the taxpayer.

“Nor did Victorian Catholic schools complain when they did not benefit from JobKeeper because their private income was considered too low. It’s an absurdity that they are now classified as high fee schools,” Ms Collins said. “In some cases, schools might pay more in payroll tax than they receive in state government funding.”

Ms Collins said there are serious implications for the federal funding model which carefully delineates the capacity to contribute of families who choose to send their children to a non-government school on a scale between 10 and 80 per cent.

“The model is an agreed long-term funding arrangement between federal and state governments established in 2013.

“The \$8,000 threshold is at the midpoint of minimum fee expectations, impacting on schools who are only charging moderate fees.

“Most of our Catholic schools set fees moderately above the minimum fee expectation so they can provide fee relief and other support for families in need.

“The Victorian Government needs to seriously rethink this impost on non-government schools and their families.”

* [School Level Payroll Requirements](#), p 10