

- The ACT Government will support businesses by providing:
 - Retrospective waivers: Waiving payroll tax liabilities until June 30 2023 for medical practices that have not previously paid payroll tax on GP payments. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.
 - Further exemptions for bulk billing: Further payroll tax exemption on payments to contractor GPs from 1 July 2023 to 30 June 2025 for medical centres which:
 - are bulk billing 65 per cent of all patients;
 - have registered with MyMedicare;
 - register with the ACT Revenue Office by 29 February 2024.
- The temporary exemption will be enable medical practices time to review their arrangements, seek advice, and implement necessary changes to ensure future compliance with their payroll tax obligations.
- Supported guidelines detailing operational aspects will be provided.
- The Commissioner will issue a public ruling on the application of payroll tax to medical centre businesses.

Retrospective waivers

- A retrospective amnesty waiver has been given for businesses for the period to 30 June 2023.
- The waiver instrument covers medical centres which have not paid payroll tax on payments to contractor GPs. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.

Bulk billing exemptions

- It is proposed the 65 per cent minimum level of bulk billing by the medical centre as a whole, not at the level of bulk billing by individual GPs;
 - The percentage is measured on an annual basis in the financial year in which the payroll tax amnesty is claimed by the medical centre, i.e. in 2023-24 and 2024-25.
 - The bulk billing percentage will refer to a businesses combined bulk billing rate across all locations (if multiple locations exist).

Cost of living

- The ACT Government is taking proactive steps to address cost-of-living pressures faced by Canberrans by introducing the GP Payroll Tax Exemption Proposal.
- This proposal aims to provide temporary relief for medical practices, while ensuring the sustainability of the tax base and fair treatment for all industries.
- We understand the importance of affordable healthcare. By providing a further two year payroll tax exemption to medical practices supporting the community with significant levels of bulk billing, we're working to enhance access to healthcare and relieve financial burdens for our residents.
- We're committed to finding solutions that benefit both businesses and individuals in our community.

Background

- On May 10 2023, the ACT Legislative Assembly passed an amended version of Shadow Minister for Health Leanne Castley's private members' motion about general practices and payroll tax.
- Payroll tax is imposed on taxable wages by employers as per the *Payroll Tax Act 2011*, this includes payments to contractors under a 'relevant contract'.
- Payments under a relevant contract, including payments to GPs, may be subject to payroll tax.
- The amended motion called on the ACT Government to investigate how payroll tax applies to various models of general practitioner clinic arrangements, with respect to general practitioners and their payment arrangements.
- The ACT Government was due to update the Assembly on any changes to the implementation of payroll tax (via a government response to the motion) by the last sitting day of August 2023.

Sensitive issues

- Earlier this year, the NSW Court of Appeal dismissed an appeal from the operator of three medical centres in relation to their liability for payroll tax.
- The Queensland Government [announced a payroll tax amnesty](#) on payments made to contracted general practitioners until 30 June 2025, due to "a potential lack of awareness of payroll tax treatment of contractors among GPs".
- The South Australian Government has announced a similar amnesty to 30 June 2024.
- The NSW has announced a pause in audit activity on medical centres.
- As a result, there has been media interest in whether other jurisdictions intended to introduce similar arrangements.
- There is no policy reason to treat GPs differently for payroll tax purposes. Doing so would set a precedent for similar treatment in other sectors and risk eroding the tax base.
- The waiver for historical liabilities up to June 2023 ensures general practice medical business are not subject to retrospective assessments which they have not planned for.
- A further two year exemption to 30 June 2025 will provide medical practices supporting the community with significant levels of bulk billing with sufficient time to review their arrangements, seek advice, and implement necessary changes to ensure future compliance with their payroll tax obligations.
- The temporary exemption might not prevent stakeholders from advocating for a full exemption, potentially without conditions such as bulk billing ratios.
- A carefully considered, nationally consistent approach is needed post-30 June 2025.

FAQs

What is payroll tax and how does it apply to GPs?

Payroll tax is a tax imposed on taxable wages paid by employers as per the *Payroll Tax Act 2011*.

This tax is harmonised across jurisdictions and applies equally to all businesses operating in the ACT. Payments made under relevant contracts, including those made to GPs, may be subject to payroll tax. Recent legal decisions have confirmed that medical centres may be liable for payroll tax in certain circumstances.

With the highest payroll tax free threshold of any jurisdiction at \$2 million per year, most small and medium sized business, including most GP healthcare centres, are likely to be under the threshold and not liable for payroll tax.

What is the ACT Government doing to address payroll tax concerns?

- Retrospective waivers: Waiving payroll tax liabilities until June 30 2023 for medical practices that have not previously paid payroll tax on GP payments. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.
- Extended time for compliance: To provide further time for medical practices supporting the community with significant levels of bulk billing to review their arrangements, seek advice, and implement necessary changes to ensure future compliance with their payroll tax obligations.
- Further exemptions for bulk billing: Further payroll tax exemption on payments to contractor GPs from 1 July 2023 to 30 June 2025 for medical centres which:
 - are bulk billing 65 per cent of all patients;
 - have registered with MyMedicare;
 - register with the ACT Revenue Office by 29 February 2024.

Is the Government working with GPs and healthcare providers?

The ACT Revenue Office routinely talks to businesses and advisers about how the tax laws operate and actual or potential tax liabilities.

The Revenue Office will issue a revenue circular on the application of payroll tax to medical businesses and will engage with ACT medical centres to draw their attention to the circular and encourage them to register and provide a voluntary disclosure if they have a liability.

The payroll tax laws applying to payments to employees and contractors have not changed. Whether payments to doctors are subject to payroll tax will depend on the facts and circumstances of each arrangement.

While the relevant contract provisions are not new, we understand that there is a potential widespread lack of awareness of the application of the relevant contract provisions in the *Payroll Tax Act 2011* among medical practices that engage GPs under contract arrangements.

This waiver to June 2023 will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.

What is the GP Payroll Tax Exemption Proposal in the ACT?

The GP Tax Payroll Tax Exemption Proposal is the ACT Government's response to an Assembly motion of May 10 2023, which called for an examination of the impact of payroll tax on general practice medical centres.

The proposal aims to address potential lack of awareness and concerns regarding payroll tax obligations for healthcare businesses that engage general practitioners under contract arrangements.

What are the benefits of the temporary payroll tax exemption?

The temporary payroll tax exemption provides medical practices with time to review their arrangements, seek advice, and implement necessary changes to ensure compliance with payroll tax obligations.

It offers a window for healthcare businesses to adapt their operations and achieve compliance without incurring unexpected retrospective assessments.

It will also incentivise GPs to consider bulk billing more patients.

What are the conditions to be eligible for an exemption to 2025?

To be eligible for the temporary exemption, healthcare businesses must meet two main conditions:

- bulk bill at least 65 per cent of GP attendances in a financial year;
- have registered for MyMedicare; and
- register with the ACT Revenue Office by February 2024.

How does the bulk billing exemption work?

- The percentage of bulk billing is determined at the level of the medical centre, not at the individual GP level.
- The percentage is measured on an annual basis in the financial year in which the payroll tax amnesty is claimed by the medical centre, i.e. in 2023-24 and 2024-25.
- If a medical centre reaches the bulk billing target in some parts of the year, but not over the year, they will be liable for payroll tax over the whole year; and
- The bulk billing percentage is to be determined *per organisation*. If multiple locations exist in the ACT, a combined bulk billing rate across all locations is considered.
- The percentage of bulk billing is measured on an annual basis in the financial year in which the payroll tax amnesty is claimed by the medical centre, i.e., in 2023-24 and 2024-25.

Do all health centres get the payroll exemption from bulk billing?

This further exemption is only available to medical centres which engage GPs under a 'relevant contract' (as defined under the *Payroll Tax Act 2011*).

it will not be available for payments to GPs which are engaged as employees. Further, they must satisfy the following criteria:

- GPs need to be registered as a general practitioner with the Australian Medical Board; and
- Register to receive the amnesty with the ACT Revenue Office by 29 February 2024.

What if a business doesn't meet the conditions for an exemption?

Healthcare businesses that do not meet the conditions for the temporary exemption will not be eligible for the exemption benefits. They will continue to be subject to payroll tax obligations as per the Payroll Tax Act.

How will the payroll tax exemption work?

The ACT Government plans to provide more details about the temporary exemption in the coming months. The proposal will be supported by guidelines outlining operational aspects.

Additionally, the Commissioner will issue a public ruling on the application of payroll tax to medical centre businesses.

What's the plan beyond June 2025?

Beyond June 2025, the ACT Government acknowledges the need for a carefully considered, nationally consistent approach.

How does the ACT compare against other jurisdictions?

The ACT has the highest payroll tax free threshold of any state or territory, set at \$2 million per year. Payroll tax is harmonised across jurisdictions and applies equally to all industries operating in the ACT.

How can I stay informed?

To stay informed about updates on the GP Tax and Payroll Tax Exemption Proposal, keep an eye on official announcements from the ACT Government, the ACT Revenue Office, and relevant industry associations.

Action Officer:

Jacque Bunt – CMTEDD Media

Emma Kelly – CMTEDD Media

Cleared by:

David Ellis – ACT Revenue Office



Media release

Andrew Barr MLA Chief Minister

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Minister for Climate Action
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Member for Kurrajong

25 August 2023

GP Payroll Tax Exemption Proposal to support healthcare access and fairness

The ACT Government is taking proactive steps to address concerns regarding the impact of payroll tax on general practice (GP) medical centres by introducing a temporary payroll tax exemption.

The proposed GP Payroll Tax Exemption underscores the government's commitment to fairness, compliance, and accessible healthcare for all Canberrans.

Responding to an Assembly motion from May 2023, the ACT Government has devised a comprehensive proposal to assess the impact of payroll tax on GP medical centres. As part of this review, the ACT Government has taken steps to address payroll tax concerns, including:

- **Retrospective waivers:** Waiving payroll tax liabilities until June 30 2023 for medical practices that have not previously paid payroll tax on GP payments. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.
- **Further exemptions for bulk billing:** Further payroll tax exemption on payments to contractor GPs from 1 July 2023 to 30 June 2025 for medical centres which:
 - are bulk billing 65 per cent of all patients;
 - have registered with MyMedicare;
 - register with the ACT Revenue Office by 29 February 2024.

The payroll tax amnesty available until 2025 demonstrates the government's commitment to general practice and to improving affordable health care in the Territory.

However, with the ACT boasting one of the highest payroll tax-free thresholds in Australia at \$2 million per year, most small and medium-sized businesses, including most GP healthcare centres, are expected to fall below this threshold and not be liable for payroll tax.

The GP Payroll Tax Exemption Proposal offers temporary relief to medical practices while sustaining the tax base and ensuring equitable treatment across industries. By incentivising bulk billing and

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fostering fair tax treatment, the ACT Government is working towards enhancing healthcare access and alleviating financial burdens for Canberrans seeking medical treatment.

As the ACT Government progresses, it will continue engaging with stakeholders and the public to ensure its approach remains comprehensive and well-informed. For the latest updates on the GP Tax and Payroll Tax Exemption Proposal, please refer to official announcements from the ACT Government, the ACT Revenue Office, and relevant industry associations.

Quotes attributable to Chief Minister, Andrew Barr:

The review of GP payroll tax is a proactive step in our commitment to refining policies that impact all Canberrans, including their access to affordable healthcare. We are ensuring that medical practices have ample time to adapt, seek advice, and align with payroll tax obligations.

Our goal is to strike a balance between supporting local businesses and ensuring that vital services, like healthcare, remain accessible. The temporary exemption allows medical practices to align with payroll tax requirements without the burden of unexpected retrospective assessments.

By offering this exemption, the ACT Government aims to support businesses in achieving compliance while keeping the community's needs at the forefront of decision-making, including healthcare accessibility and cost of living.

Quotes attributable to Minister for Health, Rachel Stephen-Smith:

We recognise the vital role that general practice medical centres play in our community's well-being. Our commitment to accessible and affordable healthcare for all Canberrans is unwavering.

The GP Payroll Tax Exemption Proposal aligns with our vision by offering medical practices the necessary time and support to ensure compliance while prioritising the needs of our community.

By engaging with stakeholders, we aim to build a comprehensive approach to the review of GP payroll tax. This inclusive process ensures that our policies remain informed and supportive of both businesses and individuals in our community.

Statement ends

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What is payroll tax and how does it apply to GPs?

Payroll tax is a tax imposed on taxable wages paid by employers as per the *Payroll Tax Act 2011*.

This tax is harmonised across jurisdictions and applies equally to all businesses operating in the ACT.

Payments made under relevant contracts, including those made to GPs, may be subject to payroll tax.

With the highest payroll tax free threshold of \$2 million per year, most small and medium sized business, including most GP healthcare centres, are likely to be under the threshold and not liable for payroll tax.

Why is GP payroll tax being reviewed?

In response to an Assembly motion of May 10 2023, the ACT Government has formulated a comprehensive proposal to examine the impact of payroll tax on general practice (GP) medical centres.

What is the GP Payroll Tax Exemption Proposal?

The introduction of a temporary payroll tax exemption underscores our commitment to fairness and compliance. We're here to support businesses in achieving compliance while prioritising the needs of Canberrans such as accessibility to healthcare and cost of living measures.

What is the ACT Government doing to address payroll tax concerns?

The ACT Government has taken steps to address payroll tax concerns, including:

- **Retrospective waivers:** Waiving payroll tax liabilities until June 30 2023 for medical practices that have not previously paid payroll tax on GP payments. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.
- **Further exemptions for bulk billing:** Further payroll tax exemption on payments to contractor GPs from 1 July 2023 to 30 June 2025 for medical centres which:
 - are bulk billing 65 per cent of all patients;
 - have registered with MyMedicare;
 - register with the ACT Revenue Office by 29 February 2024.

How will the percentage of bulk billing be calculated?

The percentage of bulk billing is determined at the level of the medical centre, not at the level of bulk billing by individual GPs. The percentage is measured on an annual basis in the financial year in which the payroll exemption is claimed by the medical centre, i.e. in 2023-24 and 2024-25.

The bulk billing percentage is to be determined per organisation. If multiple locations exist in the ACT, a combined bulk billing rate across all locations is considered.

How will GPs be supported during the review of payroll tax?

The temporary exemption will support medical practices in achieving compliance with their payroll tax obligations. This additional time will allow medical practices to review arrangements, seek advice, and ensure compliance with payroll tax obligations.

The exemption offers a window for healthcare businesses to adapt their operations and achieve compliance without incurring unexpected retrospective assessments.

The Commissioner will issue a public ruling on the application of payroll tax to medical centre businesses.

What does this mean for Canberrans?

The exemption proposal aims to provide temporary relief for medical practices, while ensuring the sustainability of the tax base and fair treatment for all industries. The ACT Government understands the importance of affordable healthcare.

By incentivising bulk billing and ensuring fairness in tax treatment, we're working to enhance access to healthcare and relieve financial burdens for our residents. We're committed to finding solutions that benefit both businesses and individuals in our community.

The ACT Government's focus remains on fostering a sustainable tax system that supports our residents, businesses, and essential services in the ACT.

Payroll tax - next steps

As we move forward, we'll continue to engage with stakeholders and the public to ensure that our approach is inclusive and well-informed.

To stay informed about updates on the GP Tax and Payroll Tax Exemption Proposal, keep an eye on official announcements from the ACT Government, the ACT Revenue Office, and relevant industry associations.

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From: "Miners, Stephen" <Stephen.Miners@act.gov.au>
Sent: 25/08/2023 12:40 PM
To: "Bunt, Jacquie" <Jacquie.Bunt@act.gov.au>; "Salisbury, Kim" <Kim.Salisbury@act.gov.au>;
"Hudson, Robyn (Health)" <Robyn.Hudson@act.gov.au>
Cc: "Hocking, Stuart" <Stuart.Hocking@act.gov.au>
Subject: MEDIA RELEASE - BARR STEPHEN-SMITH - GP Payroll Tax
Attachments: MEDIA RELEASE - BARR STEPHEN-SMITH - GP Payroll Tax.docx

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And a couple of edits in this one too.

Thanks

Stephen



Media release

Andrew Barr MLA Chief Minister

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Minister for Climate Action
Minister for Economic Development
Minister for Tourism

Member for Kurrajong

25 August 2023

GP Payroll Tax Exemption Proposal to support healthcare access and fairness

The ACT Government is taking proactive steps to address concerns regarding the impact of payroll tax on general practice (GP) medical centres by introducing a temporary payroll tax exemption.

The proposed GP Payroll Tax Exemption underscores the government's commitment to fairness, compliance, and accessible healthcare for all Canberrans.

Responding to an Assembly motion from May 2023, the ACT Government has devised a comprehensive proposal to assess the impact of payroll tax on GP medical centres. As part of this review, the ACT Government has taken steps to address payroll tax concerns, including:

- **Retrospective waivers:** Waiving payroll tax liabilities until 30 June 2023 for medical practices that have not previously paid payroll tax on GP payments. This waiver will ensure general practice medical business are not subject to retrospective assessments for which they have not planned for.
- **Further exemptions for bulk billing:** Further payroll tax exemption on payments to contractor GPs from 1 July 2023 to 30 June 2025 for medical centres which:
 - are bulk billing 65 per cent of all patients;
 - have registered with MyMedicare;
 - register with the ACT Revenue Office by 29 February 2024.

The payroll tax amnesty available until 2025 demonstrates the government's commitment to general practice and to improving affordable health care in the Territory.

However, with the ACT boasting one of the highest payroll tax-free thresholds in Australia at \$2-million per year, most small and medium-sized businesses, including most GP healthcare centres, are expected to fall below this threshold and not be liable for payroll tax.

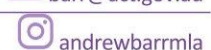
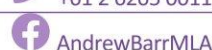
The GP Payroll Tax Exemption Proposal offers temporary relief to medical practices while sustaining the tax base and ensuring equitable treatment across industries. By incentivising-recognising the importance of bulk billing and fostering fair tax treatment, the ACT Government is working towards

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enhancing healthcare access and alleviating financial burdens for Canberrans seeking medical treatment.

As the ACT Government progresses, it will continue engaging with stakeholders and the public to ensure its approach remains comprehensive and well-informed. For the latest updates on the GP Tax and Payroll Tax Exemption Proposal, please refer to official announcements from the ACT Government, the ACT Revenue Office, and relevant industry associations.

Quotes attributable to Chief Minister, Andrew Barr:

The review of GP payroll tax is a proactive step in our commitment to refining policies that impact all Canberrans, including their access to affordable healthcare. We are ensuring that medical practices have ample time to adapt, seek advice, and align with payroll tax obligations.

Our goal is to strike a balance between supporting local businesses and ensuring that vital services, like healthcare, remain accessible. The temporary exemption allows medical practices to align with payroll tax requirements without the burden of unexpected retrospective assessments.

By offering this exemption, the ACT Government aims to support businesses in achieving compliance while keeping the community's needs at the forefront of decision-making, including healthcare accessibility and cost of living.

Quotes attributable to Minister for Health, Rachel Stephen-Smith:

We recognise the vital role that general practice medical centres play in our community's well-being. Our commitment to accessible and affordable healthcare for all Canberrans is unwavering.

The GP Payroll Tax Exemption Proposal aligns with our vision by offering medical practices the necessary time and support to ensure compliance while prioritising the needs of our community.

By engaging with stakeholders, we aim to build a comprehensive approach to the review of GP payroll tax. This inclusive process ensures that our policies remain informed and supportive of both businesses and individuals in our community.

Statement ends

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From: "Bunt, Jacquie" <Jacquie.Bunt@act.gov.au>
Sent: 25/08/2023 9:59 AM
To: "Ellis, David" <David.Ellis@act.gov.au>; "Salisbury, Kim" <Kim.Salisbury@act.gov.au>
Cc: "Polglase, David" <David.Polglase@act.gov.au>; "CMTEDDMedia" <CMTEDDMedia@act.gov.au>; "OCRMD" <OCRMD@act.gov.au>; "Amalos, Paul" <Paul.Amalos@act.gov.au>
Subject: RE: FOR REVIEW/ADVICE - GP Payroll Tax
Attachments: MEDIA RELEASE - BARR & STEPHEN-SMITH - GP Payroll Tax.docx, MEDIA BACKGROUNDER - GP Payroll Tax.docx, TALKING POINTS - GP Payroll tax.docx
Importance: High

OFFICIAL

Thanks David,

I've reviewed and accepted your changes. Based on these documents I've also drafted the attached media release for consideration.

I'll give you a call shortly to talk through it.

Thanks,
Jacquie

From: Ellis, David <David.Ellis@act.gov.au>
Sent: Friday, 25 August 2023 8:58 AM
To: Bunt, Jacquie <Jacquie.Bunt@act.gov.au>; Salisbury, Kim <Kim.Salisbury@act.gov.au>
Cc: Polglase, David <David.Polglase@act.gov.au>; CMTEDDMedia <CMTEDDMedia@act.gov.au>; OCRMD <OCRMD@act.gov.au>; Amalos, Paul <Paul.Amalos@act.gov.au>
Subject: RE: FOR REVIEW/ADVICE - GP Payroll Tax

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Hi Jacquie, some changes in tracked mode.
Might be best if you can give me a quick call when you can to go through these.
Kind regards
David

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ACT Revenue Office | Chief Minister, Treasury & Economic Development Directorate

From: Bunt, Jacquie <Jacquie.Bunt@act.gov.au>
Sent: Thursday, 24 August 2023 5:24 PM
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Cc: Polglase, David <David.Polglase@act.gov.au>; CMTEDDMedia <CMTEDDMedia@act.gov.au>; OCRMD <OCRMD@act.gov.au>
Subject: FOR REVIEW/ADVICE - GP Payroll Tax

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Hi Kim and David,

I've pulled together some quick TPs and media backgrounder based on what information I had. I'm aware that you're still working through some of the intricacies with Health, but it would be great to get your feedback. I want to ensure accuracy and that I didn't misconstrue anything.

Based on these documents, I will draft a media release and send it through (along with these docs) as part of a media pack.

Thank you in advance for your assistance.

Cheers,
Jacquie

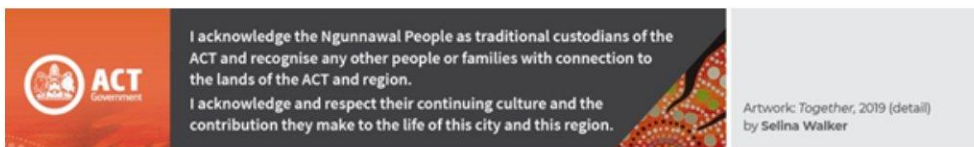
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Media release

Andrew Barr MLA Chief Minister

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25 August 2023

GP Payroll Tax Exemption Proposal to Support Healthcare Access and Fairness

The ACT Government is taking proactive steps to address concerns regarding the impact of payroll tax on general practice (GP) medical centres by introducing a temporary payroll tax exemption.

The proposed GP Payroll Tax Exemption underscores the government's commitment to fairness, compliance, and accessible healthcare for all Canberrans.

Responding to an Assembly motion from May 2023, the ACT Government has devised a comprehensive proposal to assess the impact of payroll tax on GP medical centres. As part of this review, the ACT Government has taken several steps to address payroll tax concerns, including:

- **Waiving payroll tax liabilities:** The government is waiving payroll tax liabilities until June 30 2023, for medical practices that have not previously paid payroll tax on GP payments. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.
- **Extended time for compliance:** To provide further time for medical practices supporting the community with significant levels of bulk billing to review their arrangements, seek advice, and implement necessary changes to ensure future compliance with their payroll tax obligations.
- **Further exemptions for bulk billing:** Further payroll tax exemption until June 30 2025 for healthcare businesses making payments to GPs that:
 - bulk bill at least 65 per cent of GP attendances in a financial year;
 - have registered for MyMedicare; and
 - register with the ACT Revenue Office by February 2024.

However, with the ACT boasting one of the highest payroll tax-free thresholds in Australia at \$2 million per year, most small and medium-sized businesses, including most GP healthcare centres, are expected to fall below this threshold and not be liable for payroll tax.

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Media release

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The GP Payroll Tax Exemption Proposal offers temporary relief to medical practices while sustaining the tax base and ensuring equitable treatment across industries. By incentivising bulk billing and fostering fair tax treatment, the ACT Government is working towards enhancing healthcare access and alleviating financial burdens for Canberrans seeking medical treatment.

As the ACT Government progresses, it will continue engaging with stakeholders and the public to ensure its approach remains comprehensive and well-informed. For the latest updates on the GP Tax and Payroll Tax Exemption Proposal, please refer to official announcements from the ACT Government, the ACT Revenue Office, and relevant industry associations.

Quotes attributable to Chief Minister, Andrew Barr:

The review of GP payroll tax is a proactive step in our commitment to refining policies that impact all Canberrans, including their access to affordable healthcare. We are ensuring that medical practices have ample time to adapt, seek advice, and align with payroll tax obligations.

Our goal is to strike a balance between supporting local businesses and ensuring that vital services, like healthcare, remain accessible. The temporary exemption allows medical practices to align with payroll tax requirements without the burden of unexpected retrospective assessments.

By offering this exemption, the ACT Government aims to support businesses in achieving compliance while keeping the community's needs at the forefront of decision-making, including healthcare accessibility and cost of living.

Quotes attributable to Minister for Health, Rachel Stephen-Smith:

We recognize the vital role that general practice medical centres play in our community's well-being. Our commitment to accessible and affordable healthcare for all Canberrans is unwavering.

The GP Payroll Tax Exemption Proposal aligns with our vision by offering medical practices the necessary time and support to ensure compliance while prioritising the needs of our community.

By engaging with stakeholders, we aim to build a comprehensive approach to the review of GP payroll tax. This inclusive process ensures that our policies remain informed and supportive of both businesses and individuals in our community.

Statement ends

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This tax is harmonised across jurisdictions and applies equally to all businesses operating in the ACT.

Payments made under relevant contracts, including those made to GPs, may be subject to payroll tax.

With the highest payroll tax free threshold of \$2 million per year, most small and medium sized business, including most GP healthcare centres, are likely to be under the threshold and not liable for payroll tax.

Why is GP payroll tax being reviewed?

In response to an Assembly motion of May 10 2023, the ACT Government has formulated a comprehensive proposal to examine the impact of payroll tax on general practice (GP) medical centres.

The ACT Government will waive any payroll tax liabilities for payments to general practitioners up until 30 June 2023 for health care businesses which have not paid payroll tax. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.

What is the GP Payroll Tax Exemption Proposal?

The introduction of a temporary payroll tax exemption underscores our commitment to fairness and compliance. We're here to support businesses in achieving compliance while prioritising the needs of Canberrans such as accessibility to healthcare and cost of living measures.

What is the ACT Government doing to address payroll tax concerns?

The ACT Government has taken several steps to address payroll tax concerns, including:

- Waiving payroll tax liabilities until June 30 2023 for medical practices that have not previously paid payroll tax on GP payments. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.
- To provide further time for medical practices supporting the community with significant levels of bulk billing to review their arrangements, seek advice, and implement necessary changes to ensure future compliance with their payroll tax obligations.
- The government will provide a further payroll tax exemption until June 30 2025 for healthcare businesses making payments to GPs that:
 - bulk bill at least 65 per cent of GP attendances in a financial year;
 - have registered for MyMedicare; and
 - register with the ACT Revenue Office by February 2024.

How will the percentage of bulk billing be calculated?

The percentage of bulk billing is measured on an annual basis in the financial year in which the payroll tax amnesty is claimed by the medical centre, i.e., in 2023-24 and 2024-25.

If a medical centre reaches the bulk billing target in some parts of the year, but not over the year, they will be liable for payroll tax over the whole year.

How will GPs be supported during the review of payroll tax?

The temporary exemption will support medical practices in achieving compliance with their payroll tax obligations. This additional time will allow medical practices to review arrangements, seek advice, and ensure compliance with payroll tax obligations.

The exemption offers a window for healthcare businesses to adapt their operations and achieve compliance without incurring unexpected retrospective assessments.

The Commissioner will issue a public ruling on the application of payroll tax to medical centre businesses.

What does this mean for Canberrans?

The exemption proposal aims to provide temporary relief for medical practices, while ensuring the sustainability of the tax base and fair treatment for all industries. The ACT Government understands the importance of affordable healthcare.

By incentivising bulk billing and ensuring fairness in tax treatment, we're working to enhance access to healthcare and relieve financial burdens for our residents. We're committed to finding solutions that benefit both businesses and individuals in our community.

The ACT Government's focus remains on fostering a sustainable tax system that supports our residents, businesses, and essential services in the ACT.

Payroll tax - next steps

As we move forward, we'll continue to engage with stakeholders and the public to ensure that our approach is inclusive and well-informed.

To stay informed about updates on the GP Tax and Payroll Tax Exemption Proposal, keep an eye on official announcements from the ACT Government, the ACT Revenue Office, and relevant industry associations.

Media contact/s:

Kaarin Dynon T (02) 6205 2974 M 0422 772 215 kaarin.dynon@act.gov.au



TALKING POINTS GP Payroll Tax

Date: 25 August 2023

SUBJECT: Government response to ACT Legislative Assembly motion of 10 May 2023 *Payroll tax exemption proposal – General Practices*

KEY MESSAGES

- In response to an Assembly motion of May 10 2023, the ACT Government has examined the impact of payroll tax on general practice (GP) medical centres.
- In recognition of a widespread lack of awareness regarding payroll tax, the ACT Government will waive any payroll tax liabilities up until 30 June 2023 for practices which have not paid payroll tax on payments to general practitioners (GPs).
- This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.
- In addition, the ACT Government will provide a temporary payroll tax exemption in relation to payments made by healthcare businesses to GPs up until 30 June 2025. The temporary exemption will be available to healthcare businesses who:
 - bulk bill at least 65 per cent of GP attendances in a financial year;
 - have registered for MyMedicare; and
 - register with the ACT Revenue Office by February 2024.
- This will provide medical practices supporting the community with significant levels of bulk billing with sufficient time to review their arrangements, seek advice, and implement necessary changes to ensure future compliance with their payroll tax obligations.

- The ACT has the highest payroll-tax-free threshold in the country at \$2 million per year, benefiting most small and medium-sized businesses, including GP healthcare centres.
- As we move forward, we'll continue to engage with stakeholders and the public to ensure that our approach is inclusive and well-informed.
- Our focus remains on fostering a sustainable tax system that supports our residents, businesses, and essential services in the ACT.

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Talking Points

Temporary payroll tax exemption

- The introduction of a temporary payroll tax exemption underscores our commitment to fairness and compliance.
- We're here to support businesses in achieving compliance while prioritising the needs of Canberrans such as accessibility to healthcare and cost of living measures.

- The temporary exemption will support **medical practices** in achieving compliance with their payroll tax obligations.
- This additional time will allow medical practices to review arrangements, seek advice, and ensure compliance with payroll tax obligations.
- This exemption will be available to healthcare businesses that:
 - bulk bill at least 65 per cent of GP attendances in a financial year; and
 - have registered for MyMedicare;
 - register with the ACT Revenue Office by February 2024.
- The temporary exemption will be supported by guidelines detailing operational aspects.
- The Commissioner will issue a public ruling on the application of payroll tax to medical centre businesses.

Commented [BJ1]: There's a bit of inconsistency in wording in the original docs. Sometimes it's General Practice medical centres and sometimes it's health/medical practices.

Might need to check if the wording changes the context at all

Cost of living

- The ACT Government is taking proactive steps to address cost-of-living pressures faced by Canberrans by introducing the GP Payroll Tax Exemption Proposal.
- This proposal aims to provide temporary relief for medical practices, while ensuring the sustainability of the tax base and fair treatment for all industries.
- We understand the importance of affordable healthcare. By providing a further two year payroll tax exemption to medical practices supporting the community with significant levels of bulk billing, we're working to enhance access to healthcare and relieve financial burdens for our residents.
- We're committed to finding solutions that benefit both businesses and individuals in our community.

Background

- On May 10 2023, the ACT Legislative Assembly passed an amended version of Shadow Minister for Health Leanne Castley's private members' motion about general practices and payroll tax.
- Payroll tax is imposed on taxable wages by employers as per the *Payroll Tax Act 2011*, this includes payments to contractors under a 'relevant contract'.
- Payments under a relevant contract, including payments to GPs, may be subject to payroll tax.
- The amended motion called on the ACT Government to investigate how payroll tax applies to various models of general practitioner clinic arrangements, with respect to general practitioners and their payment arrangements.
- The ACT Government was due to update the Assembly on any changes to the implementation of payroll tax (via a government response to the motion) by the last sitting day of August 2023.

Sensitive issues

- Earlier this year, the NSW Court of Appeal dismissed an appeal from the operator of three medical centres in relation to their liability for payroll tax.

- The Queensland Government [announced a payroll tax amnesty](#) on payments made to contracted general practitioners until 30 June 2025, due to “a potential lack of awareness of payroll tax treatment of contractors among GPs”.
- The South Australian Government has announced a similar amnesty to 30 June 2024.
- The NSW has announced a pause in audit activity on medical centres.
- As a result, there has been media interest in whether other jurisdictions intended to introduce similar arrangements.
- There is no policy reason to treat GPs differently for payroll tax purposes. Doing so would set a precedent for similar treatment in other sectors and risk eroding the tax base.
- The waiver for historical liabilities up to June 2023 ensures general practice medical business are not subject to retrospective assessments which they have not planned for.
- A further two year exemption to 30 June 2025 will provide medical practices supporting the community with significant levels of bulk billing with sufficient time to review their arrangements, seek advice, and implement necessary changes to ensure future compliance with their payroll tax obligations.
- The temporary exemption might not prevent stakeholders from advocating for a full exemption, potentially without conditions such as bulk billing ratios.
- A carefully considered, nationally consistent approach is needed post-30 June 2025.

FAQs

What is payroll tax and how does it apply to GPs?

Payroll tax is a tax imposed on taxable wages paid by employers as per the *Payroll Tax Act 2011*.

This tax is harmonised across jurisdictions and applies equally to all businesses operating in the ACT. Payments made under relevant contracts, including those made to GPs, may be subject to payroll tax. Recent legal decisions have confirmed that medical centres may be liable for payroll tax in certain circumstances.

With the highest payroll tax free threshold of any jurisdiction at \$2 million per year, most small and medium sized business, including most GP healthcare centres, are likely to be under the threshold and not liable for payroll tax.

What is the ACT Government doing to address payroll tax concerns?

The ACT Government has taken several steps to address payroll tax concerns, including:

- Waiving payroll tax liabilities until June 30 2023 for medical practices that have not previously paid payroll tax on GP payments.
- Introducing a temporary payroll tax exemption until June 30 2025 for healthcare businesses making payments to GPsthat:
 - bulk bill at least 65 per cent of GP attendances in a financial year;
 - have registered for MyMedicare; and
 - register with the ACT Revenue Office by February 2024.

Is the Government working with GPs and healthcare providers?

The ACT Revenue Office routinely talks to businesses and advisers about how the tax laws operate and actual or potential tax liabilities.

The Revenue Office will issue a revenue circular on the application of payroll tax to medical businesses and will engage with ACT medical centres to draw their attention to the circular and encourage them to register and provide a voluntary disclosure if they have a liability.

The payroll tax laws applying to payments to employees and contractors have not changed. Whether payments to doctors are subject to payroll tax will depend on the facts and circumstances of each arrangement.

While the relevant contract provisions are not new, we understand that there is a potential widespread lack of awareness of the application of the relevant contract provisions in the *Payroll Tax Act 2011* among medical practices that engage GPs under contract arrangements.

This waiver to June 2023 will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.

What is the GP Payroll Tax Exemption Proposal in the ACT?

The GP Tax Payroll Tax Exemption Proposal is the ACT Government's response to an Assembly motion of May 10 2023, which called for an examination of the impact of payroll tax on general practice medical centres. The proposal aims to address potential lack of awareness and concerns regarding payroll tax obligations for healthcare businesses that engage general practitioners under contract arrangements.

What are the benefits of the temporary payroll tax exemption?

The temporary payroll tax exemption provides medical practices with time to review their arrangements, seek advice, and implement necessary changes to ensure compliance with payroll tax obligations.

It offers a window for healthcare businesses to adapt their operations and achieve compliance without incurring unexpected retrospective assessments.

What are the conditions to be eligible for an exemption?

To be eligible for the temporary exemption, healthcare businesses must meet two main conditions:

- bulk bill at least 65 per cent of GP attendances in a financial year;
- have registered for MyMedicare; and
- register with the ACT Revenue Office by February 2024.

The percentage of bulk billing is measured on an annual basis in the financial year in which the payroll tax amnesty is claimed by the medical centre, i.e., in 2023-24 and 2024-25.

If a medical centre reaches the bulk billing target in some parts of the year, but not over the year, they will be liable for payroll tax over the whole year; and

[What if a business doesn't meet the conditions for an exemption?](#)

Healthcare businesses that do not meet the conditions for the temporary exemption will not be eligible for the exemption benefits. They will continue to be subject to payroll tax obligations as per the Payroll Tax Act.

[How will the payroll tax exemption work?](#)

The ACT Government plans to provide more details about the temporary exemption in the coming months. The proposal will be supported by guidelines outlining operational aspects.

Additionally, the Commissioner will issue a public ruling on the application of payroll tax to medical centre businesses.

[What's the plan beyond June 2025?](#)

Beyond June 2025, the ACT Government acknowledges the need for a carefully considered, nationally consistent approach.

[How does the ACT compare against other jurisdictions?](#)

The ACT has the highest payroll tax free threshold of any state or territory, set at \$2 million per year. Payroll tax is harmonised across jurisdictions and applies equally to all industries operating in the ACT.

[How can I stay informed?](#)

To stay informed about updates on the GP Tax and Payroll Tax Exemption Proposal, keep an eye on official announcements from the ACT Government, the ACT Revenue Office, and relevant industry associations.

Action Officer:

Jacquie Bunt – CMTEDD Media

Emma Kelly – CMTEDD Media

Cleared by:

David Ellis – ACT Revenue Office

From: "Hudson, Robyn (Health)" <Robyn.Hudson@act.gov.au>
Sent: 25/08/2023 9:55 AM
To: "Salisbury, Kim" <Kim.Salisbury@act.gov.au>; "Miners, Stephen" <Stephen.Miners@act.gov.au>; "Choy, Melinda (Health)" <Melinda.A.Choy@act.gov.au>
Subject: RE: GP payroll tax minute and attachments
Attachments: 20230824 BRF TSR MIN for Health GP payroll implementation_RH.docx, Attachment B - Government response_RH comments.docx

OFFICIAL

Hi Kim and Stephen,

Please find attached some comments and edits. I will ask [@Choy, Melinda \(Health\)](#) to check my work on attachment b please.

I need to check about data access to check compliance but am thinking you are going to have pursue self attestation.

Let me know if you would like to talk.

Robyn

Robyn Hudson

Deputy Director General | ACT Health Directorate
Email | robyn.hudson@act.gov.au | Mobile: +61 437 197 220
6 Bowes Street, Philip, ACT 2606
health.act.gov.au

From: Salisbury, Kim <Kim.Salisbury@act.gov.au>
Sent: Thursday, 24 August 2023 1:40 PM
To: Miners, Stephen <Stephen.Miners@act.gov.au>; Hudson, Robyn (Health) <Robyn.Hudson@act.gov.au>
Subject: FW: GP payroll tax minute and attachments

OFFICIAL

Robyn/Stephen, I have attached drafts of the Minute and Assembly statement for your comments/suggestions Robyn flagged is where you might drop in some paras on the government's commitment to GP practices.

Kim

Kim Salisbury | Commissioner

Phone: +61 02 6207 0010 | kim.salisbury@act.gov.au

ACT Revenue Office | Chief Minister, Treasury and Economic Development Directorate

PO Box 293 Civic Square ACT 2608 | www.revenue.act.gov.au



MINISTERIAL BRIEF

Chief Minister, Treasury and Economic Development Directorate

SENSITIVE: CABINET

To: Treasurer Tracking No.: Click here to enter text.

Minister for Health

Date: 24 August 2023

CC: Click here to enter text.

From: Executive Group Manager, Revenue Management

Subject: Implementation of GP payroll tax amnesty

Critical Date: Wednesday 30 August 2023

Critical Reason: A government response is due to be provided to the Legislative Assembly by 31 August 2023.

Commented [HR(1): I think that this needs to go through Rebecca

- DUT .../.../...
- UT .../.../...

Recommendations

1. The Treasurer sign the waiver instrument at Attachment A to waive any payroll tax liabilities on payments to General Practitioners (GP) contractors to 30 June 2023;

Signed / Not Signed / Please Discuss

2. Both Ministers agree to the parametres of the prospective payroll tax amnesty on payments to general practitionerscontractor GPs as outlined in this minute; and to the ACT Government response to the assembly motion at Attachment B.

Commented [HR(2): I think we need to be clear we are talking about those that are contractors. I assume those GPs who have been salaried have had payroll tax paid.

Agreed / Not Agreed / Please Discuss

Andrew Barr, MLA /...../.....

Rachel Stephen-Smith, MLA /...../.....

SENSITIVE: CABINET

Tracking No.: Click here to enter text.

SENSITIVE: CABINET

Minister's Office Feedback

Background

3. On 23 August 2023, Cabinet agreed to:
 - a. A retrospective amnesty for payroll tax on payments to General Practitioners (GPs) who are contracted to medical centres or practices until 30 June 2023.
 - b. A prospective amnesty on payments to contractor GPs from 1 July 2023 to 30 June 2025 for medical centres which:
 - i. are bulk billing 65 per cent of all patients;
 - ii. have registered with MyMedicare;
 - iii. register with the ACT Revenue Office by 29 February 2024.
4. An updated government response to the assembly motion is at Attachment B. This is due to be provided by the last sitting day in August (Thursday 31 August).

Issues

Retrospective waiver

5. A retrospective amnesty waiver instrument for the period to 30 June 2023 is at Attachment A for the Treasurer's signature.
 - a. The waiver instrument covers medical centres which have not paid payroll tax on payments to contractor GPs.
 - b. It is highly unlikely that any medical centres have made such payments. If payments have been made on contractor GPs payroll pre-30 June 2023, these can be considered by the Treasurer on a case by case basis.

Prospective amnesty

Bulk billing level

6. It is proposed the 65 per cent minimum level of bulk billing be determining the following way:
 - a. Bulk billing means where a practitioner, with the patient's agreement, accepts the patient's Medicare benefit as full payment for a service in accordance with section 20A of the Health Insurance Act 1973 (Cwth);

Commented [HR(3)]: During which period? Do you mean it is highly unlikely that people have paid payroll tax on contractor GPs. Those that are salaried will have had payroll tax paid. So this isn't clear. OR do you mean that it is unlikely that they will have made a payment this financial year?

SENSITIVE: CABINET

Tracking No.: Click here to enter text.

SENSITIVE: CABINET

- b. GP non-referred attendances is the Medicare item to be counted;
- c. The percentage of bulk billing is determined at the level of the medical centre as a whole, not at the level of bulk billing by individual GPs;
- d. The percentage is measured on an annual basis in the financial year in which the payroll tax amnesty is claimed by the medical centre, i.e. in 2023-24 and 2024-25. If a medical centre reaches the bulk billing target in some parts of the year, but not over the year as a whole, they will be liable for payroll tax over the whole year; and
- e. The bulk billing percentage is to be determined per taxpayer. There are some larger corporate run medical businesses which operate multiple GP centres in the ACT – the bulk billing percentage will be determined in reference to the combined bulk billing rate across all locations.

Other issues

- 7. The prospective amnesty will only be available to medical centres which engage GPs under a 'relevant contract' (as defined under the *Payroll Tax Act 2011*) – it will not be available for payments to GPs which are engaged as employees. To receive the amnesty, medical centres must also satisfy the following criteria:
 - a. GPs need to be registered as a general practitioner with the Australian Medical Board; and
 - b. Register to receive the amnesty with the ACT Revenue Office by 29 February 2024 (the Revenue Office will develop an on-line form on its website).
- 8. Where a medical centre self-assesses that it is not liable and qualifies for the amnesty, no further administrative action is necessary.
- 9. Where a medical centre pays payroll tax on payments to GP and then qualifies for the amnesty, the Commissioner will waive the liability and provide a refund.
- 10. Where a medical centre incorrectly self-assesses that it is not liable, a compliance assessment will be issued.

Revenue Office actions

- 11. The ACT Revenue Office will issue guidelines (website content) that outline operational aspects of the amnesty.
- 12. The ACT Revenue Office will issue a revenue circular to clarify the application of the payroll tax laws to medical centres. This ruling will be harmonised with the rulings issued by Queensland, South Australia, New South Wales and Victoria.
- 13. Following the release of the circular, the Revenue Office will engage with ACT medical centres to draw their attention to the circular and encourage them to register and provide a voluntary disclosure if they have a liability.

SENSITIVE: CABINET

Tracking No.: [Click here to enter text.](#)

SENSITIVE: CABINET

14. For medical centres which register their interest for the amnesty, the Revenue Office will, as part of its regular audit activity, examine the centres' compliance with the amnesty criteria. This is consistent with the self-assessment nature of payroll tax. We consider that a more stringent declaration and proof of compliance is unnecessarily heavy handed. The application of penalties should ensure voluntary compliance.

Financial Implications

15. Nil.

Commented [HR(4)]: Wouldn't you want to take a guess at the \$\$ lost and also the \$\$ that may be returned?

Consultation

Cross Directorate

16. The Health Directorate was consulted.

17. Royal Australian College of General Practice, Australian Medical Association, GP Alliance were consulted on 22 August 2023 by Treasury and ACT Health Directorate

- 16.18. Capital Health Network was consulted on 22 August 2023 by Treasury and ACT Health Directorate

Work Health and Safety

- 17-19. Nil

Benefits/Sensitivities

20. The current overall bulk billing rate within the ACT is 56.6 per cent (2022-23). 2019-2022 the rates of bulk billing were notably higher in ACT and across Australia. This is likely driven by COVID activity. Prior to the pandemic the highest rate of bulk billing in the ACT was 64.2 per cent (2018-2019).

21. A bulk billing target is unlikely to be well received by the professional bodies and individual practices. It is expected that they will contest the feasibility to achieve 65 per cent bulk billing within their practice viability.

22. Monitoring of bulk billing rates at a practice level can not be achieved at this time by ACT Health Directorate. It will require consideration of a self-attestation process to affirm compliance with this requirement of the waiver. Engagement with the Commonwealth Health and Aged Care Department will be required if data is required for compliance of practice bulk billing rates and MyMedicare registration.

Commented [HR(5)]: Would the revenue office be the people that they attest to?

Commented [HR(6)]: I am in the process of checking this.

- 18.23. Nil

Communications, media and engagement implications

- 19-24. Nil

Signatory Name: Kim Salisbury

Phone: x70010

SENSITIVE: CABINET

Tracking No.: Click here to enter text.

SENSITIVE: CABINET

Action Officer: David Ellis

Phone: x54811

Attachments

Attachment	Title
Attachment A	Waiver instrument
Attachment B	Government response to Assembly motion

SENSITIVE: CABINET

Tracking No.: [Click here to enter text.](#)

Government response to ACT Legislative Assembly motion of 10 May 2023 *Payroll tax exemption proposal – General Practices*

The government notes that payroll tax is a significant source of tax revenue, its application is harmonised across jurisdictions and it applies equally to all businesses operating in the ACT.

Under the *Payroll Tax Act 2011* payroll tax is imposed on taxable wages paid or payable by an employer. With the highest payroll tax free threshold of any jurisdiction at \$2 million, most small and medium sized business, including most GP healthcare centres, are likely to be under the threshold and not liable for payroll tax.

Payments made under a contract are subject to payroll tax, unless an exemption applies. This includes payments made to general practitioners (GPs) under a relevant contract.

A series of legal decisions since 2018 have confirmed medical centres are liable for payroll tax in a range of circumstances. While the relevant contract provisions in their current form are not new, and the provisions are harmonised with most other states and territories, it has been identified that there is a potential widespread lack of awareness of the application of the relevant contract provisions in the Payroll Tax Act among medical practices that engage GPs under contract arrangements.

In light of this, the ACT Government will waive any payroll tax liabilities up until 30 June 2023 for practices which have not paid payroll tax on payments to general practitioners. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.

To support medical practices in the delivery of services to the community including bulk billing, the government is providing a further temporary payroll tax amnesty until 30 June 2025. The amnesty will be available to GP clinics that:

- bulk bill at least 65 per cent of GP attendances in a financial year; and
- have registered for MyMedicare;

This administrative arrangement will be supported by guidelines that outline operational aspects of the amnesty and businesses will have to register with ACT Revenue Office by 29 February 2024 to receive the amnesty. The Commissioner will issue a public ruling on the application of payroll tax to medical practices.

The payroll tax amnesty available until 2025 demonstrates the government's commitment to general practice [and increasing the levels of bulk billing and improving access to General Practice by increasing levels of bulk billing in the Territory. ACT Health Directorate supports excellence and innovation in Primary Care by direct financial support to enable general practices for medical student places, testing new mechanisms to support care to ACT](#)

residents who have complex medical needs through the commonwealth funded primary care pilot and xxx (Health to add more text here)

Commented [HR(1): Is there another example that could go in here please?

From: "Choy, Melinda (Health)" <Melinda.A.Choy@act.gov.au>
Sent: 25/08/2023 11:38 AM
To: "Miners, Stephen" <Stephen.Miners@act.gov.au>; "Hudson, Robyn (Health)" <Robyn.Hudson@act.gov.au>; "Salisbury, Kim" <Kim.Salisbury@act.gov.au>
Subject: RE: GP payroll tax minute and attachments.
Attachments: Attachment B - Government response_KS final MC edits.docx

OFFICIAL

Morning,

I added one other piece of relevant funding to Attachment B and made a correction, with clarification in comments. I also read Kim's final version of the Min Brief and had nothing to change/suggest.

Kind regards,
Melinda

Dr Melinda Choy BMed MD DCH AFHEA FRACGP
GP Policy Advisor | **Academic Unit of General Practice, ACT Health Directorate**
Clinical Senior Lecturer | **ANU School of Medicine of Psychology, ANU School of Health and Medicine**
Phone: +61424071661 | Email: melinda.a.choy@act.gov.au

Please note that my ACT Health working days are Wednesday afternoons, Thursday all day, Friday all day.

From: Miners, Stephen <Stephen.Miners@act.gov.au>
Sent: Friday, 25 August 2023 10:04 AM
To: Hudson, Robyn (Health) <Robyn.Hudson@act.gov.au>; Salisbury, Kim <Kim.Salisbury@act.gov.au>; Choy, Melinda (Health) <Melinda.A.Choy@act.gov.au>
Subject: RE: GP payroll tax minute and attachments

OFFICIAL

Thanks Robyn.

I will have one further edit to the first sentence of the last para of the statement where I don't think they should say increasing bulk billing rates but instead say committed to improving access to affordable health care.

Also a heads up that the govt may now want to release something today. I will keep you in the loop.

Thanks

Stephen

From: Hudson, Robyn (Health) <Robyn.Hudson@act.gov.au>
Sent: Friday, 25 August 2023 9:56 AM
To: Salisbury, Kim <Kim.Salisbury@act.gov.au>; Miners, Stephen <Stephen.Miners@act.gov.au>; Choy, Melinda (Health) <Melinda.A.Choy@act.gov.au>
Subject: RE: GP payroll tax minute and attachments

OFFICIAL

Hi Kim and Stephen,

Please find attached some comments and edits. I will ask [@Choy, Melinda \(Health\)](#) to check my work on attachment b please.

I need to check about data access to check compliance but am thinking you are going to have pursue self attestation.

Let me know if you would like to talk.

Robyn

Robyn Hudson

Deputy Director General | ACT Health Directorate

Email | robyn.hudson@act.gov.au | Mobile: +61 437 197 220

6 Bowes Street, Philip, ACT 2606

health.act.gov.au

From: Salisbury, Kim <Kim.Salisbury@act.gov.au>

Sent: Thursday, 24 August 2023 1:40 PM

To: Miners, Stephen <Stephen.Miners@act.gov.au>; Hudson, Robyn (Health) <Robyn.Hudson@act.gov.au>

Subject: FW: GP payroll tax minute and attachments

OFFICIAL

Robyn/Stephen, I have attached drafts of the Minute and Assembly statement for your comments/suggestions Robyn flagged is where you might drop in some paras on the government's commitment to GP practices.

Kim

Kim Salisbury | Commissioner

Phone: +61 02 6207 0010 | kim.salisbury@act.gov.au

ACT Revenue Office | Chief Minister, Treasury and Economic Development Directorate

PO Box 293 Civic Square ACT 2608 | www.revenue.act.gov.au

Government response to ACT Legislative Assembly motion of 10 May 2023 *Payroll tax exemption proposal – General Practices*

The government notes that payroll tax is a significant source of tax revenue, its application is harmonised across jurisdictions and it applies equally to all businesses operating in the ACT.

Under the *Payroll Tax Act 2011* payroll tax is imposed on taxable wages paid or payable by an employer. With the highest payroll tax free threshold of any jurisdiction at \$2 million, most small and medium sized business, including most GP healthcare centres, are likely to be under the threshold and not liable for payroll tax.

Payments made under a contract are subject to payroll tax, unless an exemption applies. This includes payments made to general practitioners (GPs) under a relevant contract.

A series of legal decisions since 2018 have confirmed medical centres are liable for payroll tax in a range of circumstances. While the relevant contract provisions in their current form are not new, and the provisions are harmonised with most other states and territories, it has been identified that there is a potential widespread lack of awareness of the application of the relevant contract provisions in the Payroll Tax Act among medical practices that engage GPs under contract arrangements.

In light of this, the ACT Government will waive any payroll tax liabilities up until 30 June 2023 for practices which have not paid payroll tax on payments to general practitioners. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.

To support medical practices in the delivery of services to the community including bulk billing, the government is providing a further temporary payroll tax amnesty until 30 June 2025. The amnesty will be available to GP clinics that:

- bulk bill at least 65 per cent of GP attendances in a financial year; and
- have registered for MyMedicare;

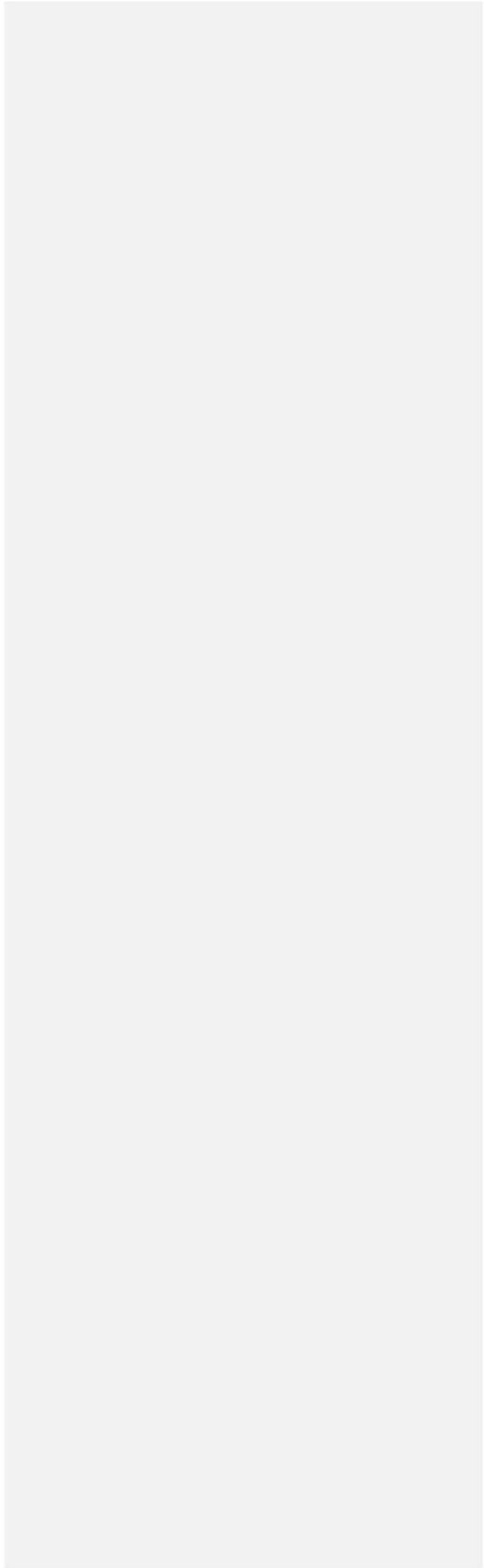
This administrative arrangement will be supported by guidelines that outline operational aspects of the amnesty and businesses will have to register with ACT Revenue Office by 29 February 2024 to receive the amnesty. The Commissioner will issue a public ruling on the application of payroll tax to medical practices.

The payroll tax amnesty available until 2025 demonstrates the government's commitment to general practice and to improving affordable health care in the Territory. ACT Health Directorate supports excellence and innovation in Primary Care **through providing funding and grants to enhance primary care access for vulnerable populations, further support for GPs who supervise medical placements, by direct financial support to enable general practices for medical student places, and** testing new mechanisms to support care to ACT

Commented [CM(1): I.e. Delivering Better Care for Canberrans with Complex Needs, Early Morning centre funding.

Commented [CM(2): The practices receive a practice incentive payment from Fed government but in the ACT we also give extra support to the actual GP who supervises the student. This is likely one of the reasons why we are one of the only medical schools who isn't struggling to find enough GP placement practices for med students.

residents who have complex medical needs through the Commonwealth-funded Pprimary Ccare pilot.



From: "Bunt, Jacquie" <Jacquie.Bunt@act.gov.au>
Sent: 25/08/2023 12:50 PM
To: "Miners, Stephen" <Stephen.Miners@act.gov.au>; "Salisbury, Kim" <Kim.Salisbury@act.gov.au>; "Hudson, Robyn (Health)" <Robyn.Hudson@act.gov.au>
Cc: "Hocking, Stuart" <Stuart.Hocking@act.gov.au>
Subject: RE: TALKING POINTS - GP Payroll tax

OFFICIAL

Will do!

From: Miners, Stephen <Stephen.Miners@act.gov.au>
Sent: Friday, 25 August 2023 12:50 PM
To: Bunt, Jacquie <Jacquie.Bunt@act.gov.au>; Salisbury, Kim <Kim.Salisbury@act.gov.au>; Hudson, Robyn (Health) <Robyn.Hudson@act.gov.au>
Cc: Hocking, Stuart <Stuart.Hocking@act.gov.au>
Subject: RE: TALKING POINTS - GP Payroll tax

OFFICIAL

Sorry just realised one of my comments didn't come through.

Suggest removing the line "It will also incentivise GPs to consider bulk billing more patients." as this is a long stretch. It might do so at the margin but only if the practice was close to the 65% mark already.

Thanks

Stephen

From: Miners, Stephen
Sent: Friday, 25 August 2023 12:37 PM
To: Bunt, Jacquie <Jacquie.Bunt@act.gov.au>; Salisbury, Kim <Kim.Salisbury@act.gov.au>; Hudson, Robyn (Health) <Robyn.Hudson@act.gov.au>
Cc: Hocking, Stuart <Stuart.Hocking@act.gov.au>
Subject: TALKING POINTS - GP Payroll tax

OFFICIAL

Thanks Jacquie and everyone else involved – great work as always. Some comments and edits in track changes.

Stephen

From: "Salisbury, Kim"
Sent: 25/08/2023 12:04 PM
To: "Bunt, Jacquie" <Jacquie.Bunt@act.gov.au>
Subject: TALKING POINTS - GP Payroll tax (002)
Attachments: TALKING POINTS - GP Payroll tax (002).docx

UNOFFICIAL

One deletion on this one.



Date: 25 August 2023

SUBJECT: Government response to ACT Legislative Assembly motion of 10 May 2023 *Payroll tax exemption proposal – General Practices*

KEY MESSAGES

- In response to an Assembly motion of May 10 2023, the ACT Government has examined the impact of payroll tax on general practice (GP) medical centres.
- In recognition of a widespread lack of awareness regarding payroll tax, the ACT Government will waive any payroll tax liabilities up until 30 June 2023 for practices which have not paid payroll tax on payments to general practitioners (GPs).
- This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.
- In addition, *further exemptions* for bulk billing is being offered: Exemption on payments to contractor GPs from 1 July 2023 to 30 June 2025 for medical centres which:
 - are bulk billing 65 per cent of all patients;
 - have registered with MyMedicare;
 - register with the ACT Revenue Office by 29 February 2024.
- This will provide medical practices supporting the community with significant levels of bulk billing with sufficient time to review their arrangements, seek advice, and implement necessary changes to ensure future compliance with their payroll tax obligations.
- The ACT has the highest payroll-tax-free threshold in the country at \$2 million per year, benefiting most small and medium-sized businesses, including GP healthcare centres.

- As we move forward, we'll continue to engage with stakeholders and the public to ensure that our approach is inclusive and well-informed.
- Our focus remains on fostering a sustainable tax system that supports our residents, businesses, and essential services in the ACT.

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Talking Points

Temporary payroll tax exemption

- The introduction of a temporary payroll tax exemption underscores our commitment to fairness and compliance.
- We're here to support businesses in achieving compliance while prioritising the needs of Canberrans such as accessibility to healthcare and cost of living measures.

- The ACT Government will support businesses by providing:
 - Retrospective waivers: Waiving payroll tax liabilities until June 30 2023 for medical practices that have not previously paid payroll tax on GP payments. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.
 - Extended time for compliance: To provide further time for medical practices supporting the community with significant levels of bulk billing to review their arrangements, seek advice, and implement necessary changes to ensure future compliance with their payroll tax obligations.
 - Further exemptions for bulk billing: Further payroll tax exemption on payments to contractor GPs from 1 July 2023 to 30 June 2025 for medical centres which:
 - are bulk billing 65 per cent of all patients;
 - have registered with MyMedicare;
 - register with the ACT Revenue Office by 29 February 2024.
- The temporary exemption will be supported by guidelines detailing operational aspects.
- The Commissioner will issue a public ruling on the application of payroll tax to medical centre businesses.

Retrospective waivers

- A retrospective amnesty waiver has been given for businesses for the period to 30 June 2023.
- The waiver instrument covers medical centres which have not paid payroll tax on payments to contractor GPs. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.
- ~~If payments have been made on contractor GPs payroll pre 30 June 2023, these can be considered by the Treasurer on a case-by-case basis.~~

Bulk billing exemptions

- It is proposed the 65 per cent minimum level of bulk billing by the medical centre as a whole, not at the level of bulk billing by individual GPs;
 - The percentage is measured on an annual basis in the financial year in which the payroll tax amnesty is claimed by the medical centre, i.e. in 2023-24 and 2024-25.
 - The bulk billing percentage will refer to a businesses combined bulk billing rate across all locations (if multiple locations exist).

Cost of living

- The ACT Government is taking proactive steps to address cost-of-living pressures faced by Canberrans by introducing the GP Payroll Tax Exemption Proposal.
- This proposal aims to provide temporary relief for medical practices, while ensuring the sustainability of the tax base and fair treatment for all industries.
- We understand the importance of affordable healthcare. By providing a further two year payroll tax exemption to medical practices supporting the community with significant levels of bulk billing, we're working to enhance access to healthcare and relieve financial burdens for our residents.
- We're committed to finding solutions that benefit both businesses and individuals in our community.

Background

- On May 10 2023, the ACT Legislative Assembly passed an amended version of Shadow Minister for Health Leanne Castley's private members' motion about general practices and payroll tax.
- Payroll tax is imposed on taxable wages by employers as per the *Payroll Tax Act 2011*, this includes payments to contractors under a 'relevant contract'.
- Payments under a relevant contract, including payments to GPs, may be subject to payroll tax.
- The amended motion called on the ACT Government to investigate how payroll tax applies to various models of general practitioner clinic arrangements, with respect to general practitioners and their payment arrangements.
- The ACT Government was due to update the Assembly on any changes to the implementation of payroll tax (via a government response to the motion) by the last sitting day of August 2023.

Sensitive issues

- Earlier this year, the NSW Court of Appeal dismissed an appeal from the operator of three medical centres in relation to their liability for payroll tax.
- The Queensland Government [announced a payroll tax amnesty](#) on payments made to contracted general practitioners until 30 June 2025, due to "a potential lack of awareness of payroll tax treatment of contractors among GPs".
- The South Australian Government has announced a similar amnesty to 30 June 2024.
- The NSW has announced a pause in audit activity on medical centres.
- As a result, there has been media interest in whether other jurisdictions intended to introduce similar arrangements.
- There is no policy reason to treat GPs differently for payroll tax purposes. Doing so would set a precedent for similar treatment in other sectors and risk eroding the tax base.
- The waiver for historical liabilities up to June 2023 ensures general practice medical business are not subject to retrospective assessments which they have not planned for.
- A further two year exemption to 30 June 2025 will provide medical practices supporting the community with significant levels of bulk billing with sufficient time to review their arrangements, seek advice, and implement necessary changes to ensure future compliance with their payroll tax obligations.
- The temporary exemption might not prevent stakeholders from advocating for a full exemption, potentially without conditions such as bulk billing ratios.
- A carefully considered, nationally consistent approach is needed post-30 June 2025.

FAQs

What is payroll tax and how does it apply to GPs?

Payroll tax is a tax imposed on taxable wages paid by employers as per the *Payroll Tax Act 2011*.

This tax is harmonised across jurisdictions and applies equally to all businesses operating in the ACT. Payments made under relevant contracts, including those made to GPs, may be subject to payroll tax. Recent legal decisions have confirmed that medical centres may be liable for payroll tax in certain circumstances.

With the highest payroll tax free threshold of any jurisdiction at \$2 million per year, most small and medium sized business, including most GP healthcare centres, are likely to be under the threshold and not liable for payroll tax.

What is the ACT Government doing to address payroll tax concerns?

- Retrospective waivers: Waiving payroll tax liabilities until June 30 2023 for medical practices that have not previously paid payroll tax on GP payments. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.
- Extended time for compliance: To provide further time for medical practices supporting the community with significant levels of bulk billing to review their arrangements, seek advice, and implement necessary changes to ensure future compliance with their payroll tax obligations.
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 - are bulk billing 65 per cent of all patients;
 - have registered with MyMedicare;
 - register with the ACT Revenue Office by 29 February 2024.

Is the Government working with GPs and healthcare providers?

The ACT Revenue Office routinely talks to businesses and advisers about how the tax laws operate and actual or potential tax liabilities.

The Revenue Office will issue a revenue circular on the application of payroll tax to medical businesses and will engage with ACT medical centres to draw their attention to the circular and encourage them to register and provide a voluntary disclosure if they have a liability.

The payroll tax laws applying to payments to employees and contractors have not changed. Whether payments to doctors are subject to payroll tax will depend on the facts and circumstances of each arrangement.

While the relevant contract provisions are not new, we understand that there is a potential widespread lack of awareness of the application of the relevant contract provisions in the *Payroll Tax Act 2011* among medical practices that engage GPs under contract arrangements.

This waiver to June 2023 will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.

What is the GP Payroll Tax Exemption Proposal in the ACT?

The GP Tax Payroll Tax Exemption Proposal is the ACT Government's response to an Assembly motion of May 10 2023, which called for an examination of the impact of payroll tax on general practice medical centres.

The proposal aims to address potential lack of awareness and concerns regarding payroll tax obligations for healthcare businesses that engage general practitioners under contract arrangements.

What are the benefits of the temporary payroll tax exemption?

The temporary payroll tax exemption provides medical practices with time to review their arrangements, seek advice, and implement necessary changes to ensure compliance with payroll tax obligations.

It offers a window for healthcare businesses to adapt their operations and achieve compliance without incurring unexpected retrospective assessments.

It will also incentivise GPs to consider bulk billing more patients.

What are the conditions to be eligible for an exemption to 2025?

To be eligible for the temporary exemption, healthcare businesses must meet two main conditions:

- bulk bill at least 65 per cent of GP attendances in a financial year;
- have registered for MyMedicare; and
- register with the ACT Revenue Office by February 2024.

How does the bulk billing exemption work?

- The percentage of bulk billing is determined at the level of the medical centre, not at the level of bulk billing by individual GPs.
- The percentage is measured on an annual basis in the financial year in which the payroll tax amnesty is claimed by the medical centre, i.e. in 2023-24 and 2024-25.
- If a medical centre reaches the bulk billing target in some parts of the year, but not over the year, they will be liable for payroll tax over the whole year; and
- The bulk billing percentage is to be determined *per organisation*. If multiple locations exist in the ACT, a combined bulk billing rate across all locations is considered.
- The percentage of bulk billing is measured on an annual basis in the financial year in which the payroll tax amnesty is claimed by the medical centre, i.e., in 2023-24 and 2024-25.

Do all health centres get the payroll exemption from bulk billing?

This further exemption is only available to medical centres which engage GPs under a 'relevant contract' (as defined under the *Payroll Tax Act 2011*).

it will not be available for payments to GPs which are engaged as employees. Further, they must satisfy the following criteria:

- GPs need to be registered as a general practitioner with the Australian Medical Board; and
- Register to receive the amnesty with the ACT Revenue Office by 29 February 2024.

What if a business doesn't meet the conditions for an exemption?

Healthcare businesses that do not meet the conditions for the temporary exemption will not be eligible for the exemption benefits. They will continue to be subject to payroll tax obligations as per the Payroll Tax Act.

How will the payroll tax exemption work?

The ACT Government plans to provide more details about the temporary exemption in the coming months. The proposal will be supported by guidelines outlining operational aspects.

Additionally, the Commissioner will issue a public ruling on the application of payroll tax to medical centre businesses.

What's the plan beyond June 2025?

Beyond June 2025, the ACT Government acknowledges the need for a carefully considered, nationally consistent approach.

How does the ACT compare against other jurisdictions?

The ACT has the highest payroll tax free threshold of any state or territory, set at \$2 million per year. Payroll tax is harmonised across jurisdictions and applies equally to all industries operating in the ACT.

How can I stay informed?

To stay informed about updates on the GP Tax and Payroll Tax Exemption Proposal, keep an eye on official announcements from the ACT Government, the ACT Revenue Office, and relevant industry associations.

Action Officer:

Jacque Bunt – CMTEDD Media

Emma Kelly – CMTEDD Media

Cleared by:

David Ellis – ACT Revenue Office

From: "Miners, Stephen" <Stephen.Miners@act.gov.au>
Sent: 25/08/2023 12:36 PM
To: "Bunt, Jacquie" <Jacquie.Bunt@act.gov.au>; "Salisbury, Kim" <Kim.Salisbury@act.gov.au>; "Hudson, Robyn (Health)" <Robyn.Hudson@act.gov.au>
Cc: "Hocking, Stuart" <Stuart.Hocking@act.gov.au>
Subject: TALKING POINTS - GP Payroll tax
Attachments: TALKING POINTS - GP Payroll tax.docx

OFFICIAL

Thanks Jacquie and everyone else involved – great work as always. Some comments and edits in track changes.

Stephen



Date: 25 August 2023

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The Revenue Office will issue a revenue circular on the application of payroll tax to medical businesses and will engage with ACT medical centres to draw their attention to the circular and encourage them to register and provide a voluntary disclosure if they have a liability.

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To be eligible for the temporary exemption, healthcare businesses must meet two main conditions:

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How does the bulk billing exemption work?

- The percentage of bulk billing is determined at the level of the medical centre, not at the individual GP level.
- The percentage is measured on an annual basis in the financial year in which the payroll tax amnesty is claimed by the medical centre, i.e. in 2023-24 and 2024-25.
- If a medical centre reaches the bulk billing target in some parts of the year, but not over the whole year, they will be liable for payroll tax over the whole year; ~~and~~
- The bulk billing percentage is to be determined *per organisation*. If multiple locations exist in the ACT, a combined bulk billing rate across all locations is considered.
- The percentage of bulk billing is measured on an annual basis in the financial year in which the payroll tax amnesty is claimed by the medical centre, i.e., in 2023-24 and 2024-25.

Do all health centres get the payroll exemption from bulk billing?

This further exemption is only available to medical centres which engage GPs under a 'relevant contract' (as defined under the *Payroll Tax Act 2011*).

The exemption ~~it~~ will not be available for payments to GPs which are engaged as employees. Further, GP practices ~~they~~ must satisfy the following criteria:

- GPs need to be registered as a general practitioner with the Australian Medical Board; and
- Register to receive the amnesty with the ACT Revenue Office by 29 February 2024.

[What if a business doesn't meet the conditions for an exemption?](#)

Healthcare businesses that do not meet the conditions for the temporary exemption will not be eligible for the exemption benefits. They will continue to be subject to payroll tax obligations as per the Payroll Tax Act.

[How will the payroll tax exemption work?](#)

The ACT Government plans to provide more details about the temporary exemption in the coming months. The proposal will be supported by guidelines outlining operational aspects.

Additionally, the Commissioner will issue a public ruling on the application of payroll tax to medical centre businesses.

[What's the plan beyond June 2025?](#)

Beyond June 2025, the ACT Government acknowledges the need for a carefully considered, nationally consistent approach.

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The ACT has the highest payroll tax free threshold of any state or territory, set at \$2 million per year. Payroll tax is harmonised across jurisdictions and applies equally to all industries operating in the ACT.

[How can I stay informed?](#)

To stay informed about updates on the GP Tax and Payroll Tax Exemption Proposal, keep an eye on official announcements from the ACT Government, the ACT Revenue Office, and relevant industry associations.

Action Officer:

Jacque Bunt – CMTEDD Media

Emma Kelly – CMTEDD Media

Cleared by:

David Ellis – ACT Revenue Office

From: "Salisbury, Kim" <Kim.Salisbury@act.gov.au>
Sent: 28/08/2023 1:26 PM
To: "Gardiner, Jodie" <Jodie.Gardiner@act.gov.au>
Subject: FW: MEDIA ENQUIRY: GP payroll tax revenue
Importance: High

OFFICIAL

FYI

Kim Salisbury | Commissioner
Phone: +61 02 6207 0010 | kim.salisbury@act.gov.au
ACT Revenue Office | Chief Minister, Treasury and Economic Development Directorate
PO Box 293 Civic Square ACT 2608 | www.revenue.act.gov.au

From: Salisbury, Kim
Sent: Monday, 28 August 2023 1:25 PM
To: Bunt, Jacquie <Jacquie.Bunt@act.gov.au>
Cc: Ellis, David <David.Ellis@act.gov.au>
Subject: FW: MEDIA ENQUIRY: GP payroll tax revenue
Importance: High

OFFICIAL

Jacquie see below:

An estimate of \$5 million pa was provided [REDACTED]

It is based on payroll tax applying to payments to GPs working for medical practices that would have payrolls higher than the ACT's payroll tax threshold of \$2million.

Kim Salisbury | Commissioner
Phone: +61 02 6207 0010 | kim.salisbury@act.gov.au
ACT Revenue Office | Chief Minister, Treasury and Economic Development Directorate
PO Box 293 Civic Square ACT 2608 | www.revenue.act.gov.au

From: Bunt, Jacquie <Jacquie.Bunt@act.gov.au> **On Behalf Of** CMTEDDMedia
Sent: Monday, 28 August 2023 11:26 AM
To: Ellis, David <David.Ellis@act.gov.au>; Salisbury, Kim <Kim.Salisbury@act.gov.au>
Cc: OCRMD <OCRMD@act.gov.au>; CMTEDDMedia <CMTEDDMedia@act.gov.au>
Subject: MEDIA ENQUIRY: GP payroll tax revenue
Importance: High

OFFICIAL

Hi Team,

CMO just sent through the below enquiry – are you able to double check this for us, please?

I'll then update the TPs accordingly.

Thanks,
Jacquie

From: Dynon, Kaarin <Kaarin.Dynon@act.gov.au>
Sent: Monday, 28 August 2023 11:06 AM
To: Polglase, David <David.Polglase@act.gov.au>
Cc: CMTEDDMedia <CMTEDDMedia@act.gov.au>
Subject: FW: Media inquiry: GP payroll tax revenue

Hi!

We understand this is in the order of \$5m p.a.

However, can I have the parameters and caveats around that?

Thanks, Kaarin

From: Lucy Bladen <l.bladen@canberratimes.com.au>
Sent: Monday, 28 August 2023 10:56 AM
To: Dynon, Kaarin <Kaarin.Dynon@act.gov.au>
Subject: Media inquiry: GP payroll tax revenue

Caution: This email originated from outside of the ACT Government. Do not click links or open attachments unless you recognise the sender and know the content is safe. [Learn why this is important](#)

Hi Kaarin,
As
discussed I

was wondering if it would be possible to please get some information on any modelling undertaken from Treasury about how much revenue would be raised from the payroll tax for general medical practices?

Thanks,

Lucy Bladen

Journalist
Australian Community Media

M 0439 919 770
W www.canberratimes.com.au

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From: "Salisbury, Kim"
Sent: 28/08/2023 9:30 AM
To: [REDACTED]

Subject: GPs payroll tax

UNOFFICIAL

Hi all, just letting you know that the ACT has provided a waiver on GP contractor payments up to 30 June 2023. And an amnesty until 30 June 2025 for GP clinics that bulk bill 65 per cent of patients.

I see on Friday NSW announced a pause in audit activity and interest and penalties for 12 months. The NSW press release also has an interesting reference to the NSW case law.

Kim

Kim Salisbury | Commissioner

Phone: +61 02 6207 0010 | kim.salisbury@act.gov.au

ACT Revenue Office | Chief Minister, Treasury and Economic Development Directorate

PO Box 293 Civic Square ACT 2608 | www.revenue.act.gov.au

From: "Bunt, Jacquie" <Jacquie.Bunt@act.gov.au>
Sent: 28/08/2023 12:20 PM
To: "Salisbury, Kim" <Kim.Salisbury@act.gov.au>
Cc: "Ellis, David" <David.Ellis@act.gov.au>; "CMTEDDMedia" <CMTEDDMedia@act.gov.au>
Subject: RE: GPs payroll
Attachments: MEDIA RELEASE - BARR & STEPHEN-SMITH - GP Payroll Tax.docx, TALKING POINTS - GP Payroll tax.docx, MEDIA BACKGROUNDER - GP Payroll Tax.docx, Chief Minister / Stephen-Smith - Incentives for more bulk billing: temporary GP payroll tax exemption to support healthcare access and fairness, MEDIA ENQUIRY: ACT payroll tax - 3pm Monday, MEDIA ENQUIRY: GP payroll tax revenue
Importance: High

UNOFFICIAL

Hi Kim,

Apologies – these were the final docs that were provided to CMO.

I've also attached the media release that was tweaked by the CMO and sent out to outlets on Saturday along with the two media enquiries that have come in.

Please let me know if you need anything further from me to assist.

Cheers,
Jacquie

From: Salisbury, Kim <Kim.Salisbury@act.gov.au>
Sent: Monday, 28 August 2023 12:05 PM
To: Bunt, Jacquie <Jacquie.Bunt@act.gov.au>
Cc: Ellis, David <David.Ellis@act.gov.au>
Subject: GPs payroll

UNOFFICIAL

Jacquie could you provide the 3 media docs you progressed. I'm not sure I've got a copy with Stephen's tweaks.

thanks

Kim Salisbury | Commissioner

Phone: +61 02 6207 0010 | kim.salisbury@act.gov.au

ACT Revenue Office | Chief Minister, Treasury and Economic Development Directorate

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Media release

Andrew Barr MLA Chief Minister

Treasurer
Minister for Climate Action
Minister for Economic Development
Minister for Tourism

Member for Kurrajong

25 August 2023

GP Payroll Tax Exemption Proposal to support healthcare access and fairness

The ACT Government is taking proactive steps to address concerns regarding the impact of payroll tax on general practice (GP) medical centres by introducing a temporary payroll tax exemption.

The proposed GP Payroll Tax Exemption underscores the government's commitment to fairness, compliance, and accessible healthcare for all Canberrans.

Responding to an Assembly motion from May 2023, the ACT Government has devised a comprehensive proposal to assess the impact of payroll tax on GP medical centres. As part of this review, the ACT Government has taken steps to address payroll tax concerns, including:

- **Retrospective waivers:** Waiving payroll tax liabilities until 30 June 2023 for medical practices that have not previously paid payroll tax on GP payments. This waiver will ensure general practice medical business are not subject to retrospective assessments for which they have not planned.
- **Further exemptions for bulk billing:** Further payroll tax exemption on payments to contractor GPs from 1 July 2023 to 30 June 2025 for medical centres which:
 - are bulk billing 65 per cent of all patients;
 - have registered with MyMedicare;
 - register with the ACT Revenue Office by 29 February 2024.

The payroll tax amnesty available until 2025 demonstrates the government's commitment to general practice and to improving affordable health care in the Territory.

However, with the ACT boasting one of the highest payroll tax-free thresholds in Australia at \$2 million per year, most small and medium-sized businesses, including most GP healthcare centres, are expected to fall below this threshold and not be liable for payroll tax.

The GP Payroll Tax Exemption Proposal offers temporary relief to medical practices while sustaining the tax base and ensuring equitable treatment across industries. By recognising the importance of

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Media release

Andrew Barr MLA Chief Minister

Treasurer
Minister for Climate Action
Minister for Economic Development
Minister for Tourism

Member for Kurrajong

bulk billing and fostering fair tax treatment, the ACT Government is working towards enhancing healthcare access and alleviating financial burdens for Canberrans seeking medical treatment.

As the ACT Government progresses, it will continue engaging with stakeholders and the public to ensure its approach remains comprehensive and well-informed. For the latest updates on the GP Tax and Payroll Tax Exemption Proposal, please refer to official announcements from the ACT Government, the ACT Revenue Office, and relevant industry associations.

Quotes attributable to Chief Minister, Andrew Barr:

The review of GP payroll tax is a proactive step in our commitment to refining policies that impact all Canberrans, including their access to affordable healthcare. We are ensuring that medical practices have ample time to adapt, seek advice, and align with payroll tax obligations.

Our goal is to strike a balance between supporting local businesses and ensuring that vital services, like healthcare, remain accessible. The temporary exemption allows medical practices to align with payroll tax requirements without the burden of unexpected retrospective assessments.

By offering this exemption, the ACT Government aims to support businesses in achieving compliance while keeping the community's needs at the forefront of decision-making, including healthcare accessibility and cost of living.

Quotes attributable to Minister for Health, Rachel Stephen-Smith:

We recognise the vital role that general practice medical centres play in our community's well-being. Our commitment to accessible and affordable healthcare for all Canberrans is unwavering.

The GP Payroll Tax Exemption Proposal aligns with our vision by offering medical practices the necessary time and support to ensure compliance while prioritising the needs of our community.

By engaging with stakeholders, we aim to build a comprehensive approach to the review of GP payroll tax. This inclusive process ensures that our policies remain informed and supportive of both businesses and individuals in our community.

Statement ends

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Media release

Andrew Barr MLA

Chief Minister

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Date: 25 August 2023

SUBJECT: Government response to ACT Legislative Assembly motion of 10 May 2023 *Payroll tax exemption proposal – General Practices*

KEY MESSAGES

- In response to an Assembly motion of May 10 2023, the ACT Government has examined the impact of payroll tax on general practice (GP) medical centres.
- In recognition of a widespread lack of awareness regarding payroll tax, the ACT Government will waive any payroll tax liabilities up until 30 June 2023 for practices which have not paid payroll tax on payments to general practitioners (GPs).
- This waiver will ensure general practice medical business are not subject to retrospective assessments for which they have not planned.
- In addition, *further exemptions* for bulk billing is being offered: Exemption on payments to contractor GPs from 1 July 2023 to 30 June 2025 for medical centres which:
 - are bulk billing 65 per cent of all patients;
 - have registered with MyMedicare;
 - register with the ACT Revenue Office by 29 February 2024.
- This will provide medical practices supporting the community with significant levels of bulk billing with sufficient time to review their arrangements, seek advice, and implement necessary changes to ensure future compliance with their payroll tax obligations.
- The ACT has the highest payroll-tax-free threshold in the country at \$2 million per year, benefiting most small and medium-sized businesses, including GP healthcare centres.

- As we move forward, we'll continue to engage with stakeholders and the public to ensure that our approach is inclusive and well-informed.
- Our focus remains on fostering a sustainable tax system that supports our residents, businesses, and essential services in the ACT.

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Talking Points

Temporary payroll tax exemption

- The introduction of a temporary payroll tax exemption underscores our commitment to fairness and compliance.

- We're here to support businesses in achieving compliance while prioritising the needs of Canberrans such as accessibility to healthcare and cost of living measures.
- The ACT Government will support businesses by providing:
 - Retrospective waivers:
Waiving payroll tax liabilities until 30 June 2023 for medical practices that have not previously paid payroll tax on GP contractor payments. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.
 - Further exemptions for bulk billing: Further payroll tax exemption on payments to contractor GPs from 1 July 2023 to 30 June 2025 for medical centres which:
 - are bulk billing 65 per cent of all patients;
 - have registered with MyMedicare;
 - register with the ACT Revenue Office by 29 February 2024.
- The temporary exemption will be enable medical practices time to review their arrangements, seek advice, and implement necessary changes to ensure future compliance with their payroll tax obligations.
- Supported guidelines detailing operational aspects will be provided.
- The Commissioner will issue a public ruling on the application of payroll tax to medical centre businesses.

Retrospective waivers

- A retrospective amnesty waiver has been given for businesses for the period to 30 June 2023.
- The waiver instrument covers medical centres which have not paid payroll tax on payments to contractor GPs. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.

Bulk billing exemptions

- It is proposed the 65 per cent minimum level of bulk billing by the medical centre as a whole, not at the level of bulk billing by individual GPs;
 - The percentage is measured on an annual basis in the financial year in which the payroll tax amnesty is claimed by the medical centre, i.e. in 2023-24 and 2024-25.
 - The bulk billing percentage will refer to a businesses combined bulk billing rate across all locations (if multiple locations exist).

Cost of living

- The ACT Government is taking proactive steps to address cost-of-living pressures faced by Canberrans by introducing the GP Payroll Tax Exemption Proposal.
- This proposal aims to provide temporary relief for medical practices, while ensuring the sustainability of the tax base and fair treatment for all industries.
- We understand the importance of affordable healthcare. By providing a further two year payroll tax exemption to medical practices supporting the community with significant levels of bulk billing, we're working to enhance access to healthcare and relieve financial burdens for our residents.
- We're committed to finding solutions that benefit both businesses and individuals in our community.

Background

- On May 10 2023, the ACT Legislative Assembly passed an amended version of Shadow Minister for Health Leanne Castley's private members' motion about general practices and payroll tax.
- Payroll tax is imposed on taxable wages by employers as per the *Payroll Tax Act 2011*, this includes payments to contractors under a 'relevant contract'.
- Payments under a relevant contract, including payments to GPs, may be subject to payroll tax.
- The amended motion called on the ACT Government to investigate how payroll tax applies to various models of general practitioner clinic arrangements, with respect to general practitioners and their payment arrangements.
- The ACT Government was due to update the Assembly on any changes to the implementation of payroll tax (via a government response to the motion) by the last sitting day of August 2023.

Sensitive issues

- Earlier this year, the NSW Court of Appeal dismissed an appeal from the operator of three medical centres in relation to their liability for payroll tax.
- The Queensland Government [announced a payroll tax amnesty](#) on payments made to contracted general practitioners until 30 June 2025, due to "a potential lack of awareness of payroll tax treatment of contractors among GPs".
- The South Australian Government has announced a similar amnesty to 30 June 2024.
- The NSW has announced a pause in audit activity on medical centres.
- As a result, there has been media interest in whether other jurisdictions intended to introduce similar arrangements.
- There is no policy reason to treat GPs differently for payroll tax purposes. Doing so would set a precedent for similar treatment in other sectors and risk eroding the tax base.
- The waiver for historical liabilities up to June 2023 ensures general practice medical business are not subject to retrospective assessments which they have not planned for.
- A further two year exemption to 30 June 2025 will provide medical practices supporting the community with significant levels of bulk billing with sufficient time to review their arrangements, seek advice, and implement necessary changes to ensure future compliance with their payroll tax obligations.
- The temporary exemption might not prevent stakeholders from advocating for a full exemption, potentially without conditions such as bulk billing ratios.
- A carefully considered, nationally consistent approach is needed post-30 June 2025.

FAQs

What is payroll tax and how does it apply to GPs?

Payroll tax is a tax imposed on taxable wages paid by employers as per the *Payroll Tax Act 2011*.

This tax is harmonised across jurisdictions and applies equally to all businesses operating in the ACT. Payments made under relevant contracts, including those made to GPs, may be subject to payroll tax. Recent legal decisions have confirmed that medical centres may be liable for payroll tax in certain circumstances.

With the highest payroll tax free threshold of any jurisdiction at \$2 million per year, most small and medium sized business, including most GP healthcare centres, are likely to be under the threshold and not liable for payroll tax.

What is the ACT Government doing to address payroll tax concerns?

- **Retrospective waivers:** Waiving payroll tax liabilities until 30 June 2023 for medical practices that have not previously paid payroll tax on GP payments. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.
- **Further exemptions for bulk billing:** Further payroll tax exemption on payments to contractor GPs from 1 July 2023 to 30 June 2025 for medical centres which:
 - are bulk billing 65 per cent of all patients;
 - have registered with MyMedicare;
 - register with the ACT Revenue Office by 29 February 2024.

Is the Government working with GPs and healthcare providers?

The ACT Revenue Office routinely talks to businesses and advisers about how the tax laws operate and actual or potential tax liabilities.

The Revenue Office will issue a revenue circular on the application of payroll tax to medical businesses and will engage with ACT medical centres to draw their attention to the circular and encourage them to register and provide a voluntary disclosure if they have a liability.

The payroll tax laws applying to payments to employees and contractors have not changed. Whether payments to doctors are subject to payroll tax will depend on the facts and circumstances of each arrangement.

While the relevant contract provisions are not new, we understand that there is a potential widespread lack of awareness of the application of the relevant contract provisions in the *Payroll Tax Act 2011* among medical practices that engage GPs under contract arrangements.

This waiver to June 2023 will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.

What is the GP Payroll Tax Exemption Proposal in the ACT?

The GP Tax Payroll Tax Exemption Proposal is the ACT Government's response to an Assembly motion of May 10 2023, which called for an examination of the impact of payroll tax on general practice medical centres.

The proposal aims to address potential lack of awareness and concerns regarding payroll tax obligations for healthcare businesses that engage general practitioners under contract arrangements.

What are the benefits of the temporary payroll tax exemption?

The temporary payroll tax exemption provides medical practices with time to review their arrangements, seek advice, and implement necessary changes to ensure compliance with payroll tax obligations.

It offers a window for healthcare businesses to adapt their operations and achieve compliance without incurring unexpected retrospective assessments.

What are the conditions to be eligible for an exemption to 2025?

To be eligible for the temporary exemption, healthcare businesses must meet two main conditions:

- bulk bill at least 65 per cent of GP attendances in a financial year;
- have registered for MyMedicare; and
- register with the ACT Revenue Office by February 2024.

How does the bulk billing exemption work?

- The percentage of bulk billing is determined at the level of the medical centre, not at the individual GP level.
- The percentage is measured on an annual basis in the financial year in which the payroll tax amnesty is claimed by the medical centre, i.e. in 2023-24 and 2024-25.
- If a medical centre reaches the bulk billing target in some parts of the year, but not over the whole year, they will be liable for payroll tax over the whole year.
- The bulk billing percentage is to be determined *per organisation*. If multiple locations exist in the ACT, a combined bulk billing rate across all locations is considered.
- The percentage of bulk billing is measured on an annual basis in the financial year in which the payroll tax amnesty is claimed by the medical centre, i.e., in 2023-24 and 2024-25.

Do all health centres get the payroll exemption from bulk billing?

This further exemption is only available to medical centres which engage GPs under a 'relevant contract' (as defined under the *Payroll Tax Act 2011*).

The exemption will not be available for payments to GPs which are engaged as employees.

Further, GP practices must satisfy the following criteria:

- GPs need to be registered as a general practitioner with the Australian Medical Board; and
- Register to receive the amnesty with the ACT Revenue Office by 29 February 2024.

What if a business doesn't meet the conditions for an exemption?

Healthcare businesses that do not meet the conditions for the temporary exemption will not be eligible for the exemption benefits. They will continue to be subject to payroll tax obligations as per the Payroll Tax Act.

How will the payroll tax exemption work?

The ACT Government plans to provide more details about the temporary exemption in the coming months. The proposal will be supported by guidelines outlining operational aspects.

Additionally, the Commissioner will issue a public ruling on the application of payroll tax to medical centre businesses.

What's the plan beyond June 2025?

Beyond June 2025, the ACT Government acknowledges the need for a carefully considered, nationally consistent approach.

How does the ACT compare against other jurisdictions?

The ACT has the highest payroll tax free threshold of any state or territory, set at \$2 million per year. Payroll tax is harmonised across jurisdictions and applies equally to all industries operating in the ACT.

How can I stay informed?

To stay informed about updates on the GP Tax and Payroll Tax Exemption Proposal, keep an eye on official announcements from the ACT Government, the ACT Revenue Office, and relevant industry associations.

Action Officer:

Jacque Bunt – Director, CMTEDD Media and PR

Cleared by:

David Ellis – Senior Director, ACT Revenue Office

Kim Salisbury – Commissioner, ACT Revenue Office

Stephen Miners – Deputy Under Treasurer



What is payroll tax and how does it apply to GPs?

Payroll tax is a tax imposed on taxable wages paid by employers as per the *Payroll Tax Act 2011*.

This tax is harmonised across jurisdictions and applies equally to all businesses operating in the ACT.

Payments made under relevant contracts, including those made to GPs, may be subject to payroll tax.

With the highest payroll tax free threshold of \$2 million per year, most small and medium sized business, including most GP healthcare centres, are likely to be under the threshold and not liable for payroll tax.

Why is GP payroll tax being reviewed?

In response to an Assembly motion of May 10 2023, the ACT Government has formulated a comprehensive proposal to examine the impact of payroll tax on general practice (GP) medical centres.

What is the GP Payroll Tax Exemption Proposal?

The introduction of a temporary payroll tax exemption underscores our commitment to fairness and compliance. We're here to support businesses in achieving compliance while prioritising the needs of Canberrans such as accessibility to healthcare and cost of living measures.

What is the ACT Government doing to address payroll tax concerns?

The ACT Government has taken steps to address payroll tax concerns, including:

- **Retrospective waivers:** Waiving payroll tax liabilities until June 30 2023 for medical practices that have not previously paid payroll tax on GP payments. This waiver will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.
- **Further exemptions for bulk billing:** Further payroll tax exemption on payments to contractor GPs from 1 July 2023 to 30 June 2025 for medical centres which:
 - are bulk billing 65 per cent of all patients;
 - have registered with MyMedicare;
 - register with the ACT Revenue Office by 29 February 2024.

How will the percentage of bulk billing be calculated?

The percentage of bulk billing is determined at the level of the medical centre, not at the level of bulk billing by individual GPs. The percentage is measured on an annual basis in the financial year in which the payroll exemption is claimed by the medical centre, i.e. in 2023-24 and 2024-25.

The bulk billing percentage is to be determined per organisation. If multiple locations exist in the ACT, a combined bulk billing rate across all locations is considered.

How will GPs be supported during the review of payroll tax?

The temporary exemption will support medical practices in achieving compliance with their payroll tax obligations. This additional time will allow medical practices to review arrangements, seek advice, and ensure compliance with payroll tax obligations.

The exemption offers a window for healthcare businesses to adapt their operations and achieve compliance without incurring unexpected retrospective assessments.

The Commissioner will issue a public ruling on the application of payroll tax to medical centre businesses.

What does this mean for Canberrans?

The exemption proposal aims to provide temporary relief for medical practices, while ensuring the sustainability of the tax base and fair treatment for all industries. The ACT Government understands the importance of affordable healthcare.

By incentivising bulk billing and ensuring fairness in tax treatment, we're working to enhance access to healthcare and relieve financial burdens for our residents. We're committed to finding solutions that benefit both businesses and individuals in our community.

The ACT Government's focus remains on fostering a sustainable tax system that supports our residents, businesses, and essential services in the ACT.

Payroll tax - next steps

As we move forward, we'll continue to engage with stakeholders and the public to ensure that our approach is inclusive and well-informed.

To stay informed about updates on the GP Tax and Payroll Tax Exemption Proposal, keep an eye on official announcements from the ACT Government, the ACT Revenue Office, and relevant industry associations.

Media contact/s:

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Andrew Barr MLA
Chief Minister

Treasurer
Minister for Climate Action
Minister for Economic Development
Minister for Tourism

Member for Kurrajong

Rachel Stephen-Smith MLA

Minister for Health
Minister for Families and Community Services
Minister for Aboriginal and Torres Strait Islander Affairs

Member for Kurrajong



26 August 2023

Incentives for more bulk billing: temporary GP payroll tax exemption to support healthcare access and fairness

The ACT Government is addressing the impact of payroll tax on general practice (GP) medical centres by introducing a temporary payroll tax exemption complementing recently announced Commonwealth Government bulk billing incentives.

The proposed GP Payroll Tax Exemption underscores a shared government commitment to accessible healthcare for all Canberrans.

The ACT already has the highest payroll tax-free threshold in Australia at \$2 million per annum. This means most small and medium-sized businesses, including most GP healthcare centres, fall below this threshold and are not liable for any payroll tax.

The ACT Government has been engaging with GPs, and their representative organisations, to assess the impact of payroll tax on the handful of general practices in the ACT that are above the \$2m tax free threshold. This number is less than 10.

Following this review, several steps are being taken to address payroll tax concerns for those practices with payrolls over \$2m, including:

- Waiving payroll tax liabilities: Waiving payroll tax liabilities until 30 June 2023 for medical practices that have not previously paid payroll tax on GP payments. This waiver will ensure general practice businesses are not subject to retrospective assessments. Given almost all practices fall well below the \$2m threshold this measure is confined to a very small number.
- Extended time for compliance: To provide further time for general practices that support the community with reasonable levels of bulk billing to review their taxation arrangements, seek advice, and implement necessary changes to ensure future compliance with their payroll tax obligations through [until 2025]
- Two-year exemptions for bulk billing: A payroll tax exemption on GP payments until 30 June 2025 for healthcare businesses making payments to GPs that:
 - are bulk billing 65 per cent of all patients;
 - have registered for MyMedicare; and
 - register with the ACT Revenue Office by 29 February 2024

The GP Payroll Tax Exemption Proposal offers certainty to medical practices while ensuring equitable treatment across industries and businesses.

By supporting GP practices who bulk bill, and maintaining fair tax treatment, the ACT Government is enhancing healthcare access and alleviating financial burdens for Canberrans seeking primary health care.

The Government will continue to ensure its approach to improving access to primary health care remains comprehensive, fair and well-informed. For the latest updates on the GP Tax and Payroll Tax Exemption Proposal, please refer to official announcements from the ACT Government, the ACT Revenue Office, and relevant industry associations.

Quotes attributable to Chief Minister, Andrew Barr:

The review of GP payroll tax is a proactive step in our commitment to refining policies that impact all Canberrans, including their access to affordable healthcare. We are ensuring that medical practices have ample time to adapt, seek advice, and align with payroll tax obligations.

Our goal is to ensure that vital services, like healthcare, remain accessible. The temporary exemption allows medical practices to align with payroll tax requirements without the risk of unexpected retrospective assessments.

By offering this pathway, the ACT Government aims to support businesses in achieving tax compliance while keeping the community's needs at the forefront of decision-making, including increasing healthcare accessibility and reducing cost of living.

Quotes attributable to Minister for Health, Rachel Stephen-Smith:

We recognise the vital role that general practice plays in our community's well-being. We remain committed to accessible and affordable healthcare for all Canberrans and better integrating care across all parts of the health system.

The GP Payroll Tax Exemption Proposal aligns with our vision by offering medical practices the necessary time and support to ensure compliance while prioritising the needs of our community.

By engaging with stakeholders, we aim to take a comprehensive approach to the review of GP payroll tax. This inclusive process ensures that our policies remain informed and supportive of both businesses and individuals in our community.

Statement ends**Media contacts:****Kaarin Dynon** 0422 772 215 Kaarin.Dynon@act.gov.au**ACT Legislative Assembly****Andrew Barr****Phone** (02) 6205 2011**Email** barr@act.gov.au**Rachel Stephen-Smith****Phone** (02) 6205 2661**Email** stephen-smith@act.gov.au**Andrew Barr****Twitter** [@ABarrMLA](https://twitter.com/ABarrMLA)**Facebook** [ABarrMLA](https://www.facebook.com/ABarrMLA)**Instagram** [andrew_barr_chiefminister](https://www.instagram.com/andrew_barr_chiefminister)**Rachel Stephen-Smith****Twitter** [@RachelISS_MLA](https://twitter.com/RachelISS_MLA)**Facebook** [rachelssMLA](https://www.facebook.com/rachelssMLA)**Instagram** [rachelss_mla](https://www.instagram.com/rachelss_mla)[Unsubscrib](#)[e](#)

From: "Bunt, Jacquie" <Jacquie.Bunt@act.gov.au> on behalf of "CMTEDDMedia" <CMTEDDMedia@act.gov.au>
Sent: 28/08/2023 11:58 AM
To: "Ellis, David" <David.Ellis@act.gov.au>
Cc: "Salisbury, Kim" <Kim.Salisbury@act.gov.au>; "OCRMD" <OCRMD@act.gov.au>; "CMTEDDMedia" <CMTEDDMedia@act.gov.au>
Subject: MEDIA ENQUIRY: ACT payroll tax - 3pm Monday
Importance: High

OFFICIAL

Hi Team,

The below media enquiry has come through regarding GP payroll tax:

ENQUIRY - The Medical Republic – Holly Payne:

I have been covering the unfolding situation with payroll tax as applied to medical centres and was just wondering if I could confirm whether ACT generally considers that a business is liable for payroll tax in the circumstance where a medical practitioner adopts the administratively less convenient approach of remitting a portion of fees received to a medical practice, rather than having the practice pay money to them.

Cheers,
Jacquie

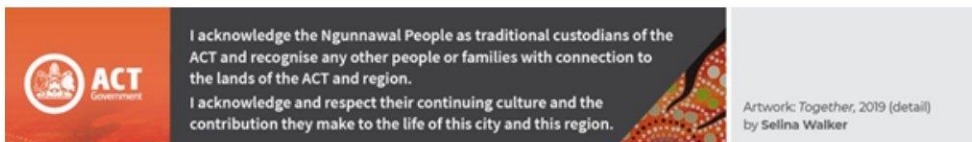
Jacqueline Bunt – CMTEDD Media and Public Relations

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Email: CMTEDDMedia@act.gov.au

Communications & Engagement | Chief Minister Treasury and Economic Development Directorate | ACT Government

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From: "Salisbury, Kim" <Kim.Salisbury@act.gov.au>
Sent: 28/08/2023 1:26 PM
To: "Gardiner, Jodie" <Jodie.Gardiner@act.gov.au>
Subject: FW: MEDIA ENQUIRY: ACT payroll tax - 3pm Monday

OFFICIAL

FYI

Kim Salisbury | Commissioner
Phone: +61 02 6207 0010 | kim.salisbury@act.gov.au
ACT Revenue Office | Chief Minister, Treasury and Economic Development Directorate
PO Box 293 Civic Square ACT 2608 | www.revenue.act.gov.au

From: Salisbury, Kim
Sent: Monday, 28 August 2023 1:01 PM
To: Bunt, Jacquie <Jacquie.Bunt@act.gov.au>
Cc: Ellis, David <David.Ellis@act.gov.au>
Subject: FW: MEDIA ENQUIRY: ACT payroll tax - 3pm Monday

OFFICIAL

Jacquie see below

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Phone: +61 02 6207 0010 | kim.salisbury@act.gov.au
ACT Revenue Office | Chief Minister, Treasury and Economic Development Directorate
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Whether payroll tax is payable will depend on the application of the *Payroll Tax Act 2011* to the particular facts and circumstances of each business. The ACT Revenue Office is unable to offer a view on the limited information provided.

Other state revenue offices have issued comprehensive guidance on the application of payroll tax to contractor GP payments and the ACT will be providing further guidance shortly.

From: Bunt, Jacquie <Jacquie.Bunt@act.gov.au> **On Behalf Of** CMTEDDMedia
Sent: Monday, 28 August 2023 11:58 AM
To: Ellis, David <David.Ellis@act.gov.au>
Cc: Salisbury, Kim <Kim.Salisbury@act.gov.au>; OCRMD <OCRMD@act.gov.au>; CMTEDDMedia <CMTEDDMedia@act.gov.au>
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Cheers,
Jacquie

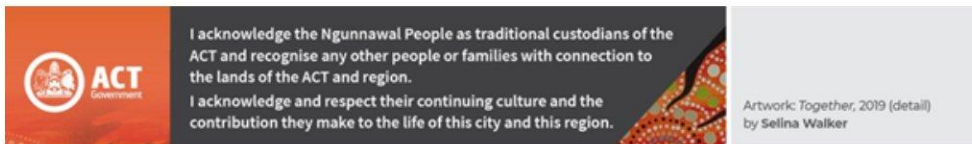
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From: "STEEL" <STEEL@act.gov.au>
Sent: 28/08/2023 10:09 AM
To: "BARR Reception" <BARR@act.gov.au>
Subject: REFERRAL: Contact my Minister - Correspondence: 270823 - 2274086 - [REDACTED]
Categories: Britt;Awaiting information

Good morning Rhys,

I believe this may be one for your office, please let me know if you are happy to accept.

Many thanks,
Tee

From: minister@act.gov.au <minister@act.gov.au>
Sent: Sunday, 27 August 2023 6:59 AM
To: STEEL <STEEL@act.gov.au>
Subject: Contact my Minister - Correspondence: 270823 - 2274086 - [REDACTED]

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Chris Steel, MLA

The following correspondence has been submitted via the Contact my Minister website.

The constituent has indicated that they would like a response to their correspondence.

GP Payroll Tax

Good morning. I am writing to express my concern about the ACT government's latest announcement on payroll tax affecting GPs. [REDACTED]

[REDACTED] The current exemption offering is an untenable ultimatum. Bulk billing 65% of our patients represents a up to 50% discount on our usual fees that cover our operating costs. This is clearly not a viable option if we want to continue caring for our patients. Our only option will be to further increase out of pocket costs to patients - which are already the highest in the country. In the longer term this does nothing to make GP an attractive option for junior doctors and will exacerbate the workforce shortage.

Correspondence Reference # 270823 - 2274086

Submission date: 27 Aug 2023 6:58am

Contact Information



From: "STEEL" <STEEL@act.gov.au>
Sent: 29/08/2023 3:05 PM
To: "BARR Reception" <BARR@act.gov.au>
Subject: FW: Payroll Tax

Hi Rhys,

One for you?

Many thanks,
Tee

From: [REDACTED]
Sent: Tuesday, 29 August 2023 3:00 PM
To: STEEL <STEEL@act.gov.au>; Davidson <DAVIDSON@act.gov.au>
Subject: Payroll Tax

Some people who received this message don't often get email from [REDACTED] [Learn why this is important](#)

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Good afternoon
I write to you both

about the ACT Government's most recent announcement on Payroll Tax affecting GP clinics.

[REDACTED]

This most recent announcement has put this under serious threat. [REDACTED] (and due to the changes most medium sized practices will be affected). If this change is enacted [REDACTED] may become non-viable financially. I have already considered the implications of this [REDACTED]. Several of my training colleagues have expressed the same sentiment. We are unable to viably bulk-bill 65% of our patients to avoid this tax. If we were to do so we would also face financial ruin- unless myself and the other GPs decided to start seeing 6-10 patients per hour rather than our usual 3-4. Quality healthcare is under threat here.

Canberra is already suffering a significant GP shortage and significant out of pocket costs. This change will make both of those things worse. I work in [REDACTED] and do not want to see [REDACTED] close and not be able to provide care to our patients. This change will not support bulk billing, affordable or quality healthcare in the ACT.

I am happy to discuss this at any point. My number is [REDACTED]

Regards
[REDACTED]

From: [REDACTED]
Sent: 29/08/2023 6:16 AM
To: "BARR Reception" <BARR@act.gov.au>
Subject: GP payroll tax - from the front line.
Categories: Britt;Awaiting information

[You don't often get email from [REDACTED] Learn why this is important at <https://aka.ms/LearnAboutSenderIdentification>]

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Dear Mr Barr,

I write to you knowing that you're already aware that the health system is broken.

We need your help.

Canberra GPs - and GPs throughout the country - are working hard for our patients. We advocate for them in a broken and often absent public health system. We wade through paperwork from nurse-led walk in clinics, identifying the clinical errors from under qualified nurses that could cause harm to our patients. We follow up concerns raised by MACH nurses who are expected to work beyond their scope. We act as psychologists, psychiatrists, paediatricians and midwives when even private patients can't find timely care. We refer patients with suspected cancers to Queanbeyan so that their colonoscopy will happen before they die.

[REDACTED] to help patients in a primary care setting, co-ordinating their cradle-to-grave care.

But if the practice [REDACTED] has a new expense under the labour government, they will charge me more for their services. [REDACTED]

[REDACTED] Sometimes that is for a cold, sometimes it's for a new and unexplained symptom, sometimes it's for a script for pain relief for their terminal cancer. Sometimes it's for their mental health, contraception needs, chronic disease medications and preventive health, all in 19 minutes.

[REDACTED] the people with colds will go to the walk in centre, where they may receive appropriate care: at a cost of ~\$200 to the ACT Government. Someone with cancer pain might end up in ED: ~\$500 to the government and suffering for the patient. [REDACTED] And still end up without the advice that prevents the diabetes and cardiovascular disease down the track.

The ACT government is going to lose money on this - and they're going to burn out their already morally injured health workforce.

GPs are not, and have never been employees. [REDACTED]
 [REDACTED] And GPs are currently holding together the broken health system.

Opportunistic taxes on sick patients are bad fiscal policy - but they're also an embarrassing clinical disaster waiting to happen.

Thank you for your advocacy on this.

Kind Regards

[REDACTED]

From: [REDACTED]
Sent: 29/08/2023 12:04 PM
To: "BARR Reception" <BARR@act.gov.au>; "LEE" <LEE@parliament.act.gov.au>; "CAIN" <CAIN@parliament.act.gov.au>
Subject: Question for the ministers: Payroll tax for independent contractor GPs
Categories: Faheem;Awaiting information

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Dear
Ministers
Barr, Lee
and Cain.

Can you please explain to me how an independent contractor GP is deemed an employee for payroll tax purposes? [REDACTED]

Can you also please explain how it is legal to link payroll tax to Medicare billing?

It is difficult to see this move by the ACT Government as anything more than a cynical grab for money, showing a lack of understanding of how general practice operates, or the impact this will have on patients. Minister Barr is quoted as saying that "Our goal is to ensure that vital services, like healthcare, remain accessible". But this will inevitably lead to increased costs for patients.

[REDACTED] I care deeply for the health and welfare of [REDACTED] patients. They are already suffering due to the lack of resourcing in Canberra Health Services, with Triage Category 1 referrals (should be seen within 30 days) taking several months for review in some services. I cannot see how this is in the best interests of the population of the ACT.

Kind regards,

[REDACTED]

From: "Salisbury, Kim"
Sent: 29/08/2023 2:35 PM
To: "Stonehouse, Sarah" <Sarah.Stonehouse@act.gov.au>; "Miners, Stephen" <Stephen.Miners@act.gov.au>
Subject: RE: from Faheem

UNOFFICIAL

Thanks I'll let Faheem know

Kim Salisbury | Commissioner
Phone: +61 02 6207 0010 | kim.salisbury@act.gov.au
ACT Revenue Office | Chief Minister, Treasury and Economic Development Directorate
PO Box 293 Civic Square ACT 2608 | www.revenue.act.gov.au

From: Stonehouse, Sarah <Sarah.Stonehouse@act.gov.au>
Sent: Tuesday, 29 August 2023 2:34 PM
To: Miners, Stephen <Stephen.Miners@act.gov.au>; Salisbury, Kim <Kim.Salisbury@act.gov.au>
Cc: Ellis, David <David.Ellis@act.gov.au>
Subject: RE: from Faheem

UNOFFICIAL

Hi Stephen,

I have just spoke to [REDACTED], he would like a meeting some time this week.

He will ring me back tomorrow regarding a time.

Many thanks,
Sarah

From: Miners, Stephen <Stephen.Miners@act.gov.au>
Sent: Tuesday, 29 August 2023 12:36 PM
To: Salisbury, Kim <Kim.Salisbury@act.gov.au>; Stonehouse, Sarah <Sarah.Stonehouse@act.gov.au>
Cc: Ellis, David <David.Ellis@act.gov.au>
Subject: RE: from Faheem

UNOFFICIAL

Sarah

Further to my earlier email, Sarah would you mind setting up this meeting. I am hoping Row has left some contact details somewhere.

Thanks

Stephen

From: Miners, Stephen
Sent: Tuesday, 29 August 2023 12:30 PM

To: Salisbury, Kim <Kim.Salisbury@act.gov.au>; Stonehouse, Sarah <Sarah.Stonehouse@act.gov.au>
Cc: Ellis, David <David.Ellis@act.gov.au>
Subject: RE: from Faheem

UNOFFICIAL

I have a 1pm meeting and then our ERI meeting at 4pm. Other than that I am free.

From: Salisbury, Kim <Kim.Salisbury@act.gov.au>
Sent: Tuesday, 29 August 2023 12:29 PM
To: Miners, Stephen <Stephen.Miners@act.gov.au>; Stonehouse, Sarah <Sarah.Stonehouse@act.gov.au>
Cc: Ellis, David <David.Ellis@act.gov.au>
Subject: from Faheem

UNOFFICIAL

Stephen just had Faheem on the phone, he asked if you and I could arrange a meeting with [REDACTED] for today.

He thinks [REDACTED] will want clarification over bulk billing patients v services, start time of the 65 per cent, and the My Medicare registration and anything else he might raise.

Do you have any time today?

Kim Salisbury | Commissioner
Phone: +61 02 6207 0010 | kim.salisbury@act.gov.au
ACT Revenue Office | Chief Minister, Treasury and Economic Development Directorate
PO Box 293 Civic Square ACT 2608 | www.revenue.act.gov.au

From: "Kelly, Emma" <Emma.Kelly@act.gov.au> on behalf of "CMTEDDMedia" <CMTEDDMedia@act.gov.au>
Sent: 29/08/2023 3:05 PM
To: "Miners, Stephen" <Stephen.Miners@act.gov.au>; "Salisbury, Kim" <Kim.Salisbury@act.gov.au>; "CMTEDDMedia" <CMTEDDMedia@act.gov.au>
Cc: "Gardiner, Jodie" <Jodie.Gardiner@act.gov.au>; "Ellis, David" <David.Ellis@act.gov.au>; "Stonehouse, Sarah" <Sarah.Stonehouse@act.gov.au>
Subject: RE: MEDIA ENQUIRY - FOR ADVICE: GP payroll tax

OFFICIAL

Thanks, Kim and Stephen. Just for awareness, I've just made a very minor edit to the first part of the response (highlighted below).

Many thanks,
 Emma

Draft response:

1. **In the announcement over the weekend, the release says that fewer than 10 clinics have a yearly turnover of more than the tax-free threshold of \$2m. Does that mean that each individual clinic makes more than \$2m?**
 - a. **Just trying to work out whether corporately-owned clinics [REDACTED] are included in that number – i.e. does the “less than 10” described in the media release account for situations where one entity owns several smaller practices that, taken together, will exceed \$2m in turnover each year?**

Payroll tax is levied on assessable wages paid in the ACT where the entity has Australia-wide wages over \$2 million per year – it is not levied on revenue/turnover. The **fewer** than 10 figure in the media release describes the number of entities which run general practice clinics which currently pay payroll tax in the ACT. It is not a count of the number of locations.

2. **Also curious as to how the government arrived at the 65% bulk billing figure – was this based on discussions with the 10 high-earning clinics? If not, where did it come from?**

The ACT Government has taken into account historical bulk billing rates in the ACT and across Australia to arrive at a figure of 65 per cent. By providing a further two-year payroll tax exemption to medical practices supporting the community with significant levels of bulk billing, the ACT Government is working to enhance access to healthcare and relieve cost-of-living pressures.

From: Miners, Stephen <Stephen.Miners@act.gov.au>
Sent: Tuesday, 29 August 2023 2:56 PM
To: Salisbury, Kim <Kim.Salisbury@act.gov.au>; CMTEDDMedia <CMTEDDMedia@act.gov.au>
Cc: Gardiner, Jodie <Jodie.Gardiner@act.gov.au>; Ellis, David <David.Ellis@act.gov.au>
Subject: RE: MEDIA ENQUIRY - FOR ADVICE: GP payroll tax

OFFICIAL

Approved. Thanks.

Stephen

From: Salisbury, Kim <Kim.Salisbury@act.gov.au>
Sent: Tuesday, 29 August 2023 2:28 PM

To: CMTEDDMedia <CMTEDDMedia@act.gov.au>; Miners, Stephen <Stephen.Miners@act.gov.au>
Cc: Gardiner, Jodie <Jodie.Gardiner@act.gov.au>; Ellis, David <David.Ellis@act.gov.au>
Subject: FW: MEDIA ENQUIRY - FOR ADVICE: GP payroll tax

OFFICIAL

Emma see below. Stephen for approval on the way through.

Kim Salisbury | Commissioner

Phone: +61 02 6207 0010 | kim.salisbury@act.gov.au

ACT Revenue Office | Chief Minister, Treasury and Economic Development Directorate

PO Box 293 Civic Square ACT 2608 | www.revenue.act.gov.au

From: Kelly, Emma <Emma.Kelly@act.gov.au> **On Behalf Of** CMTEDDMedia
Sent: Tuesday, 29 August 2023 1:08 PM
To: Ellis, David <David.Ellis@act.gov.au>; Salisbury, Kim <Kim.Salisbury@act.gov.au>
Cc: CMTEDDMedia <CMTEDDMedia@act.gov.au>; OCRMD <OCRMD@act.gov.au>; Gardiner, Jodie <Jodie.Gardiner@act.gov.au>
Subject: MEDIA ENQUIRY - FOR ADVICE: GP payroll tax

OFFICIAL

Hi David and Kim

Please see below a further media enquiry about GPs and payroll tax.

Grateful for your advice on how best to respond **by 3.30pm today** (Tuesday, 29 August) if possible. Once finalised, I can then progress the response to Stephen Miners for clearance.

Inquiry: *The Medical Public* (Holly Payne) has asked some follow-up questions about the recent GP payroll tax announcement.

Questions and draft response:

1. In the announcement over the weekend, the release says that fewer than 10 clinics have a yearly turnover of more than the tax-free threshold of \$2m. Does that mean that each individual clinic makes more than \$2m?
 - a. Just trying to work out whether corporately-owned clinics [REDACTED] are included in that number – i.e. does the “less than 10” described in the media release account for situations where one entity owns several smaller practices that, taken together, will exceed \$2m in turnover each year?

For advice please.

Payroll tax is levied on assessable wages paid in the ACT where the entity has Australia wide wages over \$2 million per year – it is not levied on revenue/turnover. The less than 10 figure in the media release describes the number of entities which run general practice clinics which currently pay payroll tax in the ACT, it is not a count of the number of locations.

2. Also curious as to how the government arrived at the 65% bulk billing figure – was this based on discussions with the 10 high-earning clinics? If not, where did it come from?

For advice please (I've made a small start)

The ACT Government has taken into account historical bulk billing rates in the ACT and across Australia to arrive at a figure of 65 per cent. By providing a further two-year payroll tax exemption to medical practices supporting the community with significant levels of bulk billing, the ACT Government is working to enhance access to healthcare and relieve cost-of-living pressures.

ENDS.

Kind regards,
Emma

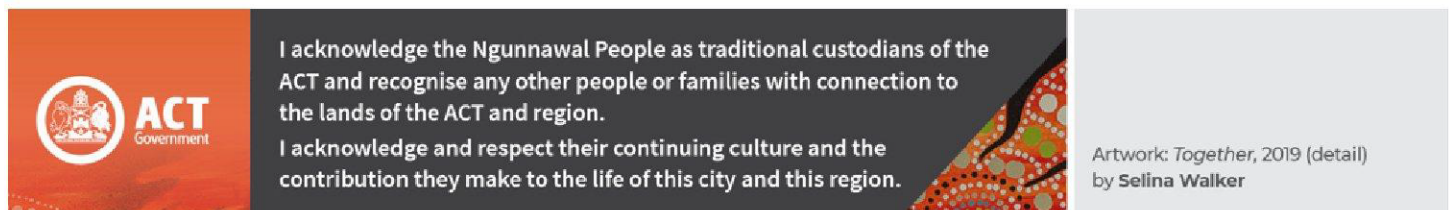
Emma Kelly – Communications and Engagement – CMTEDD Media and Public Relations

24/7 CMTEDD Media Line: 0466 937 557

Email: CMTEDDMedia@act.gov.au

Communications & Engagement | Chief Minister Treasury and Economic Development Directorate | ACT Government

220 London Circuit, Canberra City | GPO Box 158 Canberra City ACT 2601 | www.act.gov.au



From: Holly Payne <holly@medicalrepublic.com.au>

Sent: Tuesday, 29 August 2023 12:33 PM

To: CMTEDDMedia <CMTEDDMedia@act.gov.au>

Subject: Payroll tax - 10 clinics query

You don't often get email from holly@medicalrepublic.com.au. [Learn why this is important](#)

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Hello again,

So sorry, but I just

have a few more questions re payroll tax. In the announcement over the weekend, the release says that fewer than 10 clinics have a yearly turnover of more than the tax-free threshold of \$2m.

Does that mean that each individual clinic makes more than \$2m? Just trying to work out whether corporately-owned clinics [REDACTED] are included in that number – i.e. does the “less than 10” described in the media release account for situations where one entity owns several smaller practices that, taken together, will exceed \$2m in turnover each year?

Also curious as to how the government arrived at the 65% bulk billing figure – was this based on discussions with the 10 high-earning clinics? If not, where did it come from?

Thanks,

Holly Payne

Senior political reporter

E: holly@medicalrepublic.com.au

The Moose Republic

209/59 Great Buckingham Street, Redfern, Sydney, NSW, 2016

I work on Gadigal land