

DOCUMENT SCHEDULE B



ACT
Government

Chief Minister, Treasury and
Economic Development

FREEDOM OF INFORMATION REQUEST SCHEDULE

NAME	WHAT ARE THE PARAMETERS OF THE REQUEST	Reference No.
[REDACTED]	<ul style="list-style-type: none"> - <i>All correspondence between the Chief Minister's office and CMTEDD regarding GP Payroll Tax since the 8th of August 2023,</i> - <i>All documents and correspondence regarding the decision to exempt GP practices who bulk-billed 65% of patients.</i> <ul style="list-style-type: none"> o <i>Including any consultation, media requests and Ministerial briefs.</i> - <i>Any complaints made to CMTEDD, the Chief Minister's Office or the ACTRO from GP's or patients (with names redacted) in relation to increases to fees as a result of payroll tax.</i> 	<p style="text-align: center;">CMTEDDFOI 2023-408</p>

Document No	Page number	Description	Date	Status	Reason for Exemption	Online Release Status
40	1-4	Email and attachments	30/08/2023	Full	-	Yes
41	5-12	Email and attachments	30/08/2023	Partial	Sch.1, s.1.6 Freedom of Information Act 2016	Yes
42	13-14	Email	30/08/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
43	15-17	Email	30/08/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
44	18-21	Email	30/08/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
45	22-24	Email	30/08/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
46	25-28	Email and attachments	31/08/2023	Full	-	Yes
47	29-32	Email and attachments	31/08/2023	Full	-	Yes

DOCUMENT SCHEDULE B

Document No	Page number	Description	Date	Status	Reason for Exemption	Online Release Status
48	33-43	Email and attachments	31/08/2023	Partial	Out of scope	Yes
49	44-48	Email and attachment	31/08/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
50	49-50	Email	31/08/2023	Partial	Sch.1, s.1.3(6) and (7) and Sch.2, s.2.2(a)(ii) and (xi) Freedom of Information Act 2016	Yes
51	51	Email	31/08/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
52	52-56	Email and attachment	31/08/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
53	57	Email	01/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
54	58-75	Email and attachment	04/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
55	76-77	Brief	05/09/2023	Full	-	Yes
56	78-83	Email and attachment	05/09/2023	Partial	Sch.2, s.2.2(a)(ii) and (xi) Freedom of Information Act 2016	Yes
57	84-101	Email and attachment	06/09/2023	Full	-	Yes
58	102-107	Email and attachment	07/09/2023	Partial	Sch.2, s.2.2(a)(ii) and (xi) Freedom of Information Act 2016	Yes
59	108-109	Email	07/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
60	110-111	Email	07/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
61	112-113	Email	07/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
62	114-119	Email and attachment	08/09/2023	Partial	Sch.2, s.2.2(a)(ii) and (xi) Freedom of Information Act 2016	Yes
63	120-123	Email and attachment	11/09/2023	Partial	Sch.2, s.2.2(a)(ii) and (xi) Freedom of Information Act 2016	Yes
64	124-125	Email	11/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
65	126-127	Email	11/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes

DOCUMENT SCHEDULE B

Document No	Page number	Description	Date	Status	Reason for Exemption	Online Release Status
66	128-129	Email	11/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
67	130-138	Email and attachment	12/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
68	139-144	Email and attachment	13/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
69	145-146	Email	14/09/2023	Partial	Sch.2, s.2.2(a)(ii) and (x) Freedom of Information Act 2016	Yes
70	147-148	Email and attachment	14/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
71	149-150	Email and attachment	14/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
72	151-153	Email and attachment	16/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
73	154-155	Email and attachment	19/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
74	156-158	Email and attachment	20/09/2023	Partial	Sch.2, s.2.2 (a)(ii) Freedom of Information Act 2016	Yes
75	159-160	Email and attachment	21/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
76	161	Email	21/09/2023	Partial	Sch.2, s.2.2(a)(ii) and (x) Freedom of Information Act 2016	Yes
77	162-164	Email and attachment	22/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes
78	165-171	Email and attachment	26/09/2023	Partial	Sch.2, s.2.2(a)(ii) Freedom of Information Act 2016	Yes

From: "Salisbury, Kim" <Kim.Salisbury@act.gov.au>
Sent: 30/08/2023 10:30 PM
To: "Khan, FaheemK" <FaheemK.Khan@act.gov.au>
Cc: "Miners, Stephen" <Stephen.Miners@act.gov.au>; "Hocking, Stuart" <Stuart.Hocking@act.gov.au>; "Ellis, David" <David.Ellis@act.gov.au>
Subject: payroll tax GPs Att B - Government Response - 30Aug final
Attachments: Att B - Government Response - 30Aug final.docx

UNOFFICIAL

Faheem revised cleared up the line.

Kim

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

Payroll tax is the single largest source of revenue for State and Territory governments. In the ACT, it is forecast to raise \$806 million in 2023-24 or approximately 30 per cent of own-source taxation revenue. This revenue is used to fund essential services to the Canberra community.

In the ACT, payroll tax is levied on Australia-wide wages above the threshold of \$2 million per year at a rate of 6.85 per cent. At \$2 million, the ACT has the highest tax-free threshold of any state or territory, meaning that very few small and medium sized businesses in the Territory are liable for payroll tax.

Unless a specific exemption applies, such as for certain charities, payroll tax applies equally to all non-government businesses and industries in the ACT.

Payroll tax applies to a broad range of remuneration to ensure that there are no incentives to structure payment arrangements to minimise or avoid tax. This includes fringe benefits, superannuation, employee share schemes, payments to directors and payments under contracts.

Payments to contractors are liable for payroll tax unless an exemption applies. The contractor provisions are harmonised with other states and territories.

The contractor provisions are not new, and there have been no recent changes to these provisions. They apply to all businesses that engage in contractor arrangements and are otherwise liable for payroll tax. The Government has not introduced a new tax on medical practices, and medical centres are treated the same way as any other commercial businesses operating in the ACT for payroll tax purposes.

The application of payroll tax to a healthcare centre business has received increased attention in recent years. But the court decisions have not resulted in a change in the interpretation of the law. In particular, the principle that a healthcare practitioner can provide services to the healthcare centre has been upheld by courts in multiple recent cases, including the NSW 2023 Court of Appeal decision in *Thomas and Naaz Pty Ltd*.

This means that a contract between a healthcare centre business and a practitioner is a relevant contract and therefore liable for payroll tax if all of the following apply:

- a) the practitioner carries on a business or practice of providing medical-related services to patients;
- b) in the course of conducting its business, the medical centre:
 - i. provides members of the public with access to medical-related services; and
 - ii. engages a practitioner to supply services to the medical centre by serving patients on its behalf;

The provisions apply equally to all entities including corporate healthcare providers.

Around 70 GP medical practices have been identified in the ACT, with currently less than ten of these registered and paying payroll tax. There are a range of practice types, including large corporate groups, in some cases operating from multiple sites, and practices of varying size.

Large practices with many doctors, nurses and administration staff, and those that are grouped together by factors such as common ownership or control, are likely to have a payroll tax liability.

The view of this government is that substantial corporate businesses should pay payroll tax and make a contribution to the provision of government services. This similarly applies to businesses in all sectors of the economy.

While the contractor provisions are not new, and the provisions are harmonised with most other states and territories, the government acknowledges that there appears to be a 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.

As a result, the Government has decided to provide significant concessions to medical practices which are not available to any other businesses which are liable for payroll tax. This includes a waiver of any retrospective unpaid payroll tax liabilities and an amnesty for the next two years for those medical practices that offer affordable GP services.

Specifically:

- the ACT Government will waive any payroll tax liabilities up until 30 June 2023 for GP medical practices which have not paid payroll tax on payments to contracted GPs. This waiver will ensure general practice medical businesses are not subject to retrospective assessments for which they have not planned. Medical practices will automatically receive this exemption and do not need to apply for it.
- To provide further time for general practices that support the community with reasonable levels of bulk billing to review their taxation arrangements, the government is offering a further two-year payroll tax amnesty on GP contractor payments. This will allow GP practices time to seek advice and implement necessary changes to ensure future payroll tax compliance. This amnesty will be available on GP contractor payments until 30 June 2025 for medical centres that:
 - are bulk billing 65 per cent of all patient services; and
 - have registered for MyMedicare;

The two-year amnesty is available to all medical practices that meet the bulk billing threshold, irrespective of whether they had previously paid payroll tax on payments to contracted GPs or not. It also includes GP clinics which begin operations between now and

30 June 2025. In these respects, the ACT exemption goes further than temporary amnesties announced in other States which are restricted to medical practices which previously had not been paying tax they were liable to pay on payments to contracted GPs, and were in operation at the time the amnesties were announced.

By assisting GP practices that are supporting the community with significant levels of bulk billing, the ACT Government is seeking to enhance access to primary healthcare and relieve cost-of-living pressures.

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. In the June quarter of the last financial year, 30 of the 31 primary health networks across Australia bulk billed more than 70 per cent of consultations. The only jurisdiction not over 70 per cent was the ACT at 56 per cent.

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 guidance and a revenue circular on the application of payroll tax to medical practices.

The ACT Health Directorate also 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, and testing new mechanisms to support care to ACT residents who have complex medical needs through the Commonwealth-funded Primary Care pilot.

We believe the relief being provided to GP clinics 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 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.

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

From: "Treasury DLO" <TreasuryDLO@act.gov.au>
Sent: 30/08/2023 2:30 PM
To: "Khan, FaheemK" <FaheemK.Khan@act.gov.au>
Cc: "Salisbury, Kim" <Kim.Salisbury@act.gov.au>; "Gardiner, Jodie" <Jodie.Gardiner@act.gov.au>
Subject: FW: Implementation of GP Payroll Tax Amnesty
Attachments: Brief - CM-RSS SIGNED.pdf, Att B - Government Response - RSS proposed edits.docx

CABINET

Hi Faheem
 Assembly coord team are chasing this paper for embargo – can you please let me know when it is agreed?

Thanks
 Kylie

From: Treasury DLO
Sent: Tuesday, 29 August 2023 11:02 AM
To: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Subject: FW: Implementation of GP Payroll Tax Amnesty

CABINET

Hi Faheem
 I will feed this back to ACTRO and Stephen.
 I am not sure if this will impact the information in the QTB though.

Thanks
 Kylie

From: Gower, Tara (Health) <Tara.Gower@act.gov.au> **On Behalf Of** ACT Health DLO
Sent: Tuesday, 29 August 2023 8:46 AM
To: Treasury DLO <TreasuryDLO@act.gov.au>
Subject: RE: Implementation of GP Payroll Tax Amnesty

CABINET

Hi Kylie
 The Minister for Health has annotated this brief with the following comment:

Minister’s Office Feedback
 [Redacted]
 However, please discuss par 6d re calculation of bulk billing rate for 2023-24. [Redacted]
 [Redacted]

Please note the Minister has proposed some edits at Att B.

Placed in your shared folder [here](#).

Thank you
Tara

Tara Gower | Directorate Liaison Officer | ACT Health Directorate

| Email: ACTHealthDLO@act.gov.au

Office of Rachel Stephen-Smith | Minister for Health

Office of Emma Davidson | Minister for Mental Health

Level 2, Legislative Assembly Building, Civic Square



From: Treasury DLO <TreasuryDLO@act.gov.au>
Sent: Monday, 28 August 2023 10:10 AM
To: ACT Health DLO <ACTHealthDLO@act.gov.au>
Subject: FW: Implementation of GP Payroll Tax Amnesty
Importance: High

CABINET

Hi Tara

Can you please provide the brief in your folder to the RSS Office of urgent signing?

<L:\DLO Shared\HEALTH DLO\URGENT - TSY BRIEF - Implementation of GP payroll tax amnesty 23-3789>

Many thanks
Kylie

From: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Sent: Friday, 25 August 2023 8:12 PM
To: Atkins, Brittany <Brittany.Atkins@act.gov.au>; Treasury DLO <TreasuryDLO@act.gov.au>
Cc: Seesink, Mark <Mark.Seesink@act.gov.au>
Subject: Re: Implementation of GP Payroll Tax Amnesty

CABINET

Kylie

The Chief has now signed this. Health Min needs to sign it as well. Do you mind facilitating?

Thanks
Faheem

Get [Outlook for iOS](#)

From: Atkins, Brittany <Brittany.Atkins@act.gov.au>
Sent: Friday, August 25, 2023 4:06 pm

To: Treasury DLO <TreasuryDLO@act.gov.au>
Cc: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Subject: RE: Implementation of GP Payroll Tax Amnesty

I think at this stage it's best to leave this one with Faheem

I have the relevant info so I can jump in if I need to but I haven't engaged on this one at all

From: Treasury DLO <TreasuryDLO@act.gov.au>
Sent: Friday, 25 August 2023 4:04 PM
To: Atkins, Brittany <Brittany.Atkins@act.gov.au>
Subject: Implementation of GP Payroll Tax Amnesty

CABINET

Hi Britt

there was action required on this sub post cabinet – I think ACTRO must have been requested to draft this option?

<L:\Barr\DLO\00. CM Sign\Britt\URGENT - TSY BRIEF - Implementation of GP payroll tax amnesty 23-3789>

Thanks
Kylie

Kylie Beer
Treasury Liaison Officer | Office of the Treasurer, Minister Steel and Minister Berry
Treasury | ACT Government

www.act.gov.au

 I acknowledge the Ngunnawal people as traditional custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region. I acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region.

Chief Minister, Treasury and Economic Development Directorate

SENSITIVE: CABINET

To: Treasurer Tracking No.: CMTEDD2023/3789
Minister for Health

Date: 25 August 2023

CC: DG Health Directorate

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.

- DUT 25/08/23
- UT 25/08/23

Recommendations

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

Signed / Not Signed / Please Discuss

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

Agreed / Not Agreed / Please Discuss

Andrew Barr MLA  25/8/23

Rachel Stephen-Smith MLA  28/8/23

Minister's Office Feedback

However, please discuss par 6d re calculation of bulk billing rate for 2023-24.

SENSITIVE: CABINET

Background

3. On 23 August 2023, Cabinet (CAB23/494) 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 unclear whether any medical centres have made payments on contractor GPs. 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 determined 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);
 - 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;
 - b. The centre is registered with MyMedicare; and
 - c. The centre registers to receive the amnesty with the ACT Revenue Office by 29 February 2024 (the Revenue Office will develop an online 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 contracted 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 circular will be harmonised with those 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.
14. For medical centres which register their interest for the amnesty, the Revenue Office may, 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. It is estimated that the application of payroll tax to contractor GPs could raise around \$5 million per year. Some of this will be forgone with the amnesty.

Consultation

Cross Directorate

16. The Health Directorate was consulted.

SENSITIVE: CABINET

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

Work Health and Safety

19. Nil.

Benefits/Sensitivities

20. The current overall bulk billing rate within the ACT is 56.6 per cent (2022-23). Over 2019 to 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 they will contest the feasibility of achieving a 65 per cent bulk billing level within their practice.
22. Monitoring of bulk billing rates at a practice level can not be achieved at this time by ACT Health Directorate. The ACT Revenue Office will determine if the evidence made available by the practice is sufficient to prove the practice has met the requirements of the amnesty. As necessary this will be done in collaboration with the ACT Health Directorate. Engagement with the Commonwealth Health and Aged Care Department might be required if data is required for compliance of practice bulk billing rates and MyMedicare registration.

Communications, media and engagement implications

23. A media pack is being developed.

Signatory Name: Kim Salisbury

Phone: x70010

Action Officer: David Ellis

Phone: x54811

Attachments

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

SENSITIVE: CABINET

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

The ACT 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 businesses, including most GP general practice 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~~ appears to be a 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 practitioner~~ GPs under a relevant contract. This waiver will ensure general practice medical businesses 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 revenue circular 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 access to affordable health care in the Territory.

The ACT Health Directorate also 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, and testing new mechanisms to support care to ACT residents who have complex medical needs through the Commonwealth-funded Primary Care pilot.

Commented [SSR1]: My understanding is that private hospitals are in fact exempt?

From: "Khan, FaheemK"
Sent: 30/08/2023 6:37 PM
To: "Hocking, Stuart" <Stuart.Hocking@act.gov.au>
Subject: RE: GP - payroll tax WEB content

I like both of these.

Faheem Khan


From: Hocking, Stuart <Stuart.Hocking@act.gov.au>
Sent: Wednesday, 30 August 2023 5:26 PM
To: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Subject: RE: GP - payroll tax WEB content

OFFICIAL

Kim emailed after we spoke to say he would have a go at the assembly response – should receive that later. Few thoughts to test below (think these are mainly for the assembly response rather than the ACTRO web content).

The contractor provisions are not new, and apply to all businesses that engage in contractor arrangements and are otherwise liable for payroll tax. The Government has not introduced a new tax on medical practices and they are treated the same way as any other commercial businesses operating in the ACT for payroll tax purposes. Aside from small businesses with payrolls below \$2 million per annum, the only other exemptions under the payroll tax system are provided to not for profit bodies delivering community services. Notwithstanding that the Government has offered significant concessions to medical practices which are not available to any other businesses which are liable for payroll tax. This includes a waiver of any retrospective unpaid payroll tax liabilities and an exemption for the next 2 years for those medical practices which offer affordable GP services.

The 2 year exemption is available to all medical practices which meet the bulk billing threshold, irrespective of whether they had previously paid payroll tax on payments to contracted GPs or not. In this respect the ACT exemption goes further than temporary exemptions announced in other States which are restricted to medical practices which had not previously been paying tax they were liable to pay on payments to contracted GPs.

Stuart Hocking PSM
Under Treasurer


Chief Minister, Treasury and Economic Development Directorate



From: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Sent: Wednesday, 30 August 2023 4:22 PM
To: Salisbury, Kim <Kim.Salisbury@act.gov.au>
Cc: Hocking, Stuart <Stuart.Hocking@act.gov.au>; Miners, Stephen <Stephen.Miners@act.gov.au>; Cook, Michael <Michael.Cook@act.gov.au>; Atkins, Brittany <Brittany.Atkins@act.gov.au>
Subject: RE: GP - payroll tax WEB content
Importance: High

Thanks Kim.

I think the one additional point is making explicit the timing for the bulk billing target percentage in 2023-24 being 1 Jan to 30 Jun 2024.

Separately, the Chief's update for the assembly will also need some finessing as flagged.

Faheem

Faheem Khan

From: Salisbury, Kim <Kim.Salisbury@act.gov.au>
Sent: Wednesday, 30 August 2023 12:52 PM
To: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Subject: FW: GP - payroll tax WEB content

OFFICIAL

Faheem this has been cleared by Health and is being formatted up.

For info, we have referred to 'GP attendances' as the count as this is the terminology used in Commonwealth medicare reporting under 'type of service'. See link

<https://www.health.gov.au/resources/publications/medicare-quarterly-statistics-state-and-territory-june-quarter-2022-23?language=en>

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: "Khan, FaheemK"
Sent: 30/08/2023 6:33 PM
To: "Treasury DLO" <TreasuryDLO@act.gov.au>
Subject: RE: Implementation of GP Payroll Tax Amnesty

There are some further revisions being worked through and then we'll finalise for the 11am embargo.

Faheem Khan
[REDACTED]

From: Treasury DLO <TreasuryDLO@act.gov.au>
Sent: Wednesday, 30 August 2023 5:35 PM
To: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Subject: FW: Implementation of GP Payroll Tax Amnesty

CABINET

Hi Faheem

ACTRO were ok with RSS proposed edits – if you are ok with them, I am happy to accept them and provide the final to the Assembly Coord team. They need the final by 11am for embargo

Thanks
Kylie

From: Treasury DLO
Sent: Tuesday, 29 August 2023 11:02 AM
To: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Subject: FW: Implementation of GP Payroll Tax Amnesty

CABINET

Hi Faheem

I will feed this back to ACTRO and Stephen.

I am not sure if this will impact the information in the QTB though.

Thanks
Kylie

From: Gower, Tara (Health) <Tara.Gower@act.gov.au> **On Behalf Of** ACT Health DLO
Sent: Tuesday, 29 August 2023 8:46 AM
To: Treasury DLO <TreasuryDLO@act.gov.au>
Subject: RE: Implementation of GP Payroll Tax Amnesty

CABINET

Hi Kylie

The Minister for Health has annotated this brief with the following comment:

Minister's Office Feedback

However, please discuss par 6d re calculation of bulk billing rate for 2023-24.

Please note the Minister has proposed some edits at Att B.

Placed in your shared folder [here](#).

Thank you

Tara

Tara Gower | Directorate Liaison Officer | ACT Health Directorate

| Email: ACTHealthDLO@act.gov.au

Office of Rachel Stephen-Smith | Minister for Health

Office of Emma Davidson | Minister for Mental Health

Level 2, Legislative Assembly Building, Civic Square



From: Treasury DLO <TreasuryDLO@act.gov.au>

Sent: Monday, 28 August 2023 10:10 AM

To: ACT Health DLO <ACTHealthDLO@act.gov.au>

Subject: FW: Implementation of GP Payroll Tax Amnesty

Importance: High

CABINET

Hi Tara

Can you please provide the brief in your folder to the RSS Office of urgent signing?

<L:\DLO Shared\HEALTH DLO\URGENT - TSY BRIEF - Implementation of GP payroll tax amnesty 23-3789>

Many thanks

Kylie

From: Khan, FaheemK <FaheemK.Khan@act.gov.au>

Sent: Friday, 25 August 2023 8:12 PM

To: Atkins, Brittany <Brittany.Atkins@act.gov.au>; Treasury DLO <TreasuryDLO@act.gov.au>

Cc: Seesink, Mark <Mark.Seesink@act.gov.au>

Subject: Re: Implementation of GP Payroll Tax Amnesty

CABINET

Kylie

The Chief has now signed this. Health Min needs to sign it as well. Do you mind facilitating?

Thanks
Faheem

Get [Outlook for iOS](#)

From: Atkins, Brittany <Brittany.Atkins@act.gov.au>
Sent: Friday, August 25, 2023 4:06 pm
To: Treasury DLO <TreasuryDLO@act.gov.au>
Cc: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Subject: RE: Implementation of GP Payroll Tax Amnesty

I think at this stage it's best to leave this one with Faheem

I have the relevant info so I can jump in if I need to but I haven't engaged on this one at all

From: Treasury DLO <TreasuryDLO@act.gov.au>
Sent: Friday, 25 August 2023 4:04 PM
To: Atkins, Brittany <Brittany.Atkins@act.gov.au>
Subject: Implementation of GP Payroll Tax Amnesty

CABINET

Hi Britt

there was action required on this sub post cabinet – I think ACTRO must have been requested to draft this option?

<L:\Barr\DLO\00. CM Sign\Britt\URGENT - TSY BRIEF - Implementation of GP payroll tax amnesty 23-3789>

Thanks
Kylie

Kylie Beer
Treasury Liaison Officer | Office of the Treasurer, Minister Steel and Minister Berry
Treasury | ACT Government

www.act.gov.au



I acknowledge the Ngunnawal people as traditional custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region. I acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region.

From: "Khan, FaheemK" <FaheemK.Khan@act.gov.au>
Sent: 30/08/2023 4:21 PM
To: "Salisbury, Kim" <Kim.Salisbury@act.gov.au>
Cc: "Hocking, Stuart" <Stuart.Hocking@act.gov.au>; "Miners, Stephen" <Stephen.Miners@act.gov.au>; "Cook, Michael" <Michael.Cook@act.gov.au>; "Atkins, Brittany" <Brittany.Atkins@act.gov.au>
Subject: RE: GP - payroll tax WEB content
Attachments: Web Content - Amnesty for Medical Practices with Contracted General Practitioners.docx
Importance: High

Thanks Kim.

I think the one additional point is making explicit the timing for the bulk billing target percentage in 2023-24 being 1 Jan to 30 Jun 2024.

Separately, the Chief's update for the assembly will also need some finessing as flagged.

Faheem

Faheem Khan


From: Salisbury, Kim <Kim.Salisbury@act.gov.au>
Sent: Wednesday, 30 August 2023 12:52 PM
To: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Subject: FW: GP - payroll tax WEB content

OFFICIAL

Faheem this has been cleared by Health and is being formatted up.

For info, we have referred to 'GP attendances' as the count as this is the terminology used in Commonwealth medicare reporting under 'type of service'. See link <https://www.health.gov.au/resources/publications/medicare-quarterly-statistics-state-and-territory-june-quarter-2022-23?language=en>

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

Amnesty for Medical Practices with Contracted General Practitioners

Payments made to contractors may be taxable if the arrangement is considered a relevant contract for payroll tax purposes. [Revenue Circular PTA041 – Relevant Contracts – Medical Centres](#) explains the application of the relevant contractor provisions under the *Payroll Tax Act 2011* to an entity that conducts a medical centre business.

On 26 August 2023, the ACT Government announced the following arrangements for general practitioners engaged by a medical practice under a relevant contract.

Historical liabilities to 30 June 2023

Medical practices are liable to pay payroll tax on payments made to contracted general practitioners (GPs) unless a contractor exemption applies. Given a potential lack of awareness of the payroll tax treatment of contractors among general practitioners, the ACT Government will waive any payroll tax liabilities up until 30 June 2023 for medical practices which have not paid payroll tax on payments to general practitioners. Medical practices which engage general practitioners under relevant contracts will automatically receive this exemption and do not need to apply for it.

Exemption for liabilities over 2023-24 and 2024-25

To support medical practices in the delivery of services to the community including bulk billing, the ACT Government is providing a further temporary payroll tax amnesty until 30 June 2025. The amnesty [for the relevant financial year](#) 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;
- Register to receive the amnesty with the ACT Revenue Office by 29 February 2024.

Bulk billing requirement

Bulk billing is defined to mean where the 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).

The bulk billing requirement refers to GP non-referred attendances. It will be determined by the total number of bulk billed attendances divided by the total number of attendances.

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. For payroll taxpayers operating at multiple locations, it will be determined by the combined totals at all locations.

For the 2023-24 financial year, the percentage will be calculated by reference to attendances over the six months from January to June 2024. For the 2024-25 financial year, the percentage will be calculated over the financial year as a whole. If a medical centre reaches the bulk billing target in some parts of either of these periods (January to June 2024; or 2024-25), but not over the period as a whole, they will be liable for payroll tax over the whole financial year.

Medical practices that register for the amnesty, and achieve the 65 per cent minimum level of bulk billing over the relevant period, will not be required to pay payroll tax on payments made to contracted general practitioners up until 30 June 2025. This will 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.

Other requirements

To be eligible for the amnesty, a medical practice must also register with the Commonwealth Government's MyMedicare program. This registration must occur within the financial year in which the amnesty is claimed.

The amnesty is limited to payments made to contracted general practitioners. For the purposes of the amnesty, a general practitioner is a doctor registered as a general practitioner with the Medical Board of Australia.

The amnesty is not available for payments to:

- contracted general practitioners where an exemption applies (because no payroll tax liability would arise if the payment is exempt)
- general practitioners who are common law employees
- other medical doctors or allied health professionals
- other types of contractors.

Practices liable for payroll tax in relation to administrative and support staff, must continue to lodge returns for those wages and will be assessed for payroll tax on those wages during the amnesty period.

Registrations for the amnesty

Medical practices wishing to apply for the amnesty must register with the ACT Revenue Office to be part of the amnesty by 29th of February 2024. Further information on how to register will be available on the ACT Revenue Office website shortly.

Commented [HR(1): Do they register only once? Or do they do each financial year?

Once the registration period has closed, ACT Revenue Office will contact each registered medical practice with details about the requirements for the amnesty.

Medical centres which are not part of the amnesty

Medical business operating in the ACT which:

- engage a medical professional under a relevant contract; and
- make payments to employees and contractors under a relevant contract in excess of \$2 million in Australia-wide wages each year; and
- do not meet the requirements of the amnesty;

are required to register with the ACT Revenue Office for payroll tax. Information on how to register can be found here (insert link)

Medical centres with liabilities prior to the current financial year are encouraged to make a voluntary disclosure for these periods. This does not apply to payments to general practitioners under a relevant contract for the period prior to 30 June 2023. Once registered, the ACT Revenue Office will work with you to determine your prior year liabilities.

Medical business unsure about their payroll tax obligations should contact the ACT Revenue Office at (insert contact details). We will work with you to help you:

- determine if you need to register for payroll tax in the ACT;
- identify if you are eligible for any contractor exemptions; and
- explain your ongoing obligations.

Compliance activity

Medical practices operating in the ACT should take time to review their arrangements and ensure they comply with their obligations under the *Payroll Tax Act 2011*. All medical centres operating in the ACT may be subject to compliance activity, including those that register for the amnesty over 2023-24 and 2024-25.

From: "Kelly, Emma" <Emma.Kelly@act.gov.au> on behalf of "CMTEDDMedia" <CMTEDDMedia@act.gov.au>
Sent: 30/08/2023 11:44 AM
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 APPROVAL: GP payroll tax (further qus)

OFFICIAL

Thanks, Kim and Stephen. I'll progress to the CMO.

Many thanks,
 Emma

From: Miners, Stephen <Stephen.Miners@act.gov.au>
Sent: Wednesday, 30 August 2023 11:40 AM
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>; Stonehouse, Sarah <Sarah.Stonehouse@act.gov.au>
Subject: RE: MEDIA ENQUIRY - FOR APPROVAL: GP payroll tax (further qus)

OFFICIAL

Approved.

From: Salisbury, Kim <Kim.Salisbury@act.gov.au>
Sent: Wednesday, 30 August 2023 10:05 AM
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>; Stonehouse, Sarah <Sarah.Stonehouse@act.gov.au>
Subject: FW: MEDIA ENQUIRY - FOR APPROVAL: GP payroll tax (further qus)

OFFICIAL

Emma see below. Stephen for clearance on the way through

Draft response:

1. **Do practices have to join the amnesty program in order to qualify for no retrospectivity, or just for the two year exemption? As in, if a practice doesn't join the amnesty program, then gets audited and is found to be liable for payroll tax, will it receive a bill going back five years? Or just from June 2023?**

The ACT Government is waiving payroll tax liabilities until 30 June 2023 for medical practices that have not previously paid payroll tax on GP contractor payments. This is regardless of whether a practice qualifies for the amnesty that runs until 30 June 2025. This will ensure general practice medical business are not subject to retrospective assessments which they have not planned for.

2. **Also just curious as to whether the government anticipates that, if payments to general practitioners are counted as wages, many more practices will find themselves hitting that \$2m threshold?**

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. Whether a practice is liable for payroll tax will depend on the size of its payroll, the nature of the arrangements with its contractors and other provisions of the payroll tax legislation. As the ACT has the highest payroll-tax-free threshold of any Australian 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.

ENDS.

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

Sent: Tuesday, 29 August 2023 10:23 PM

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

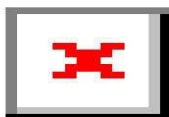
Subject: Re: Payroll tax - 10 clinics query

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](#)

Further to the below, also just curious as

to whether the government anticipates that, if payments to general practitioners are counted as wages, many more practices will find themselves hitting that \$2m threshold?

Thanks,
Holly Payne
Journalist



E: holly@medicalrepublic.com.au

The Moose Republic

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

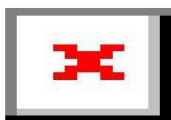
I work on Gadigal land

On 29 Aug 2023, at 8:29 pm, Holly Payne <holly@medicalrepublic.com.au> wrote:

Thanks for getting back to me so fast. One more thing to confirm - do practices have to join the amnesty program in order to qualify for no retrospectivity, or just for the two year exemption?

As in, if a practice doesn't join the amnesty program, then gets audited and is found to be liable for payroll tax, will it receive a bill going back five years? Or just from June 2023?

Thanks,
Holly Payne
Journalist



E: holly@medicalrepublic.com.au

The Moose Republic

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

I work on Gadigal land

On 29 Aug 2023, at 5:04 pm, CMTEDDMedia <cmteddmedia@act.gov.au> wrote:

OFFICIAL

Hi Holly

Please see below a response to your enquiry. It can be attributed to an ACT Government spokesperson.

Kind regards,
Emma

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?

1. Just trying to work out whether corporately-owned clinics (e.g. Ochre, One Health) 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. In the June quarter of the last financial year, 30 of the 31 primary health networks across Australia bulk billed more than 70 per cent of consultations. The only jurisdiction not over 70 per cent was the ACT at 56 per cent. By providing a further two-year payroll tax exemption to medical practices supporting the community with significant levels of bulk billing at 65 per cent, the ACT Government is working to enhance access to primary healthcare and relieve cost-of-living pressures.

ENDS.

From: "Salisbury, Kim"
Sent: 31/08/2023 11:09 AM
To: "Khan, FaheemK" <FaheemK.Khan@act.gov.au>
Cc: "Miners, Stephen" <Stephen.Miners@act.gov.au>; "Hocking, Stuart" <Stuart.Hocking@act.gov.au>; "Ellis, David" <David.Ellis@act.gov.au>
Subject: 20230831 Att B - Government Response - 31 Aug KS no tracks
Attachments: 20230831 Att B - Government Response - 31 Aug KS no tracks.docx

UNOFFICIAL

Faheem, updated and comments addressed.

There was a para added on the application of payroll tax to private hospitals etc that was not correct. I've removed it.

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

Payroll tax is a significant source of revenue for State and Territory governments. In the ACT, it is forecast to raise \$806 million in 2023-24 or approximately 30 per cent of own-source taxation revenue. This revenue is used to fund essential services to the Canberra community.

In the ACT, payroll tax is levied on wages paid in the ACT where the entity's Australia wide wages are above the threshold of \$2 million per year. The rate of payroll tax is 6.85 per cent. At \$2 million, the ACT has the highest tax-free threshold of any state or territory, meaning that very few small and medium sized businesses in the Territory are liable for payroll tax.

Unless a specific exemption applies, such as for certain charities, payroll tax applies equally to all non-government businesses and industries in the ACT.

Payroll tax applies to a broad range of remuneration to ensure that there are no incentives to structure payment arrangements to minimise or avoid tax. This includes fringe benefits, superannuation, employee share schemes, payments to directors and payments under contracts.

Payments to contractors are liable for payroll tax unless an exemption applies. The contractor provisions are harmonised with other states and territories.

The contractor provisions are not new, and there have been no recent changes to these provisions. They apply to all businesses that engage in contractor arrangements and are otherwise liable for payroll tax. The Government has not introduced a new tax on medical practices, and medical centres are treated the same way as any other businesses operating in the ACT for payroll tax purposes.

The application of payroll tax to a healthcare centre business has received increased attention recently. But the court decisions have not resulted in a change in the interpretation of the law. In particular, the principle that a healthcare practitioner can provide services to the healthcare centre has been upheld by courts in multiple recent cases, including the NSW 2023 Court of Appeal decision in *Thomas and Naaz Pty Ltd*.

This means that a contract between a healthcare centre business and a practitioner is a relevant contract and therefore liable for payroll tax if all of the following apply:

- a) the practitioner carries on a business or practice of providing medical-related services to patients;
- b) in the course of conducting its business, the medical centre:
 - i. provides members of the public with access to medical-related services; and
 - ii. engages a practitioner to supply services to the medical centre by serving patients on its behalf;

Around 70 GP medical practices have been identified in the ACT, with currently less than ten of these registered and paying payroll tax. There are a range of practice types, including large corporate groups, in some cases operating from multiple sites, and practices of varying size.

Large practices with many doctors, nurses and administration staff, and those that are grouped together by factors such as common ownership or control, are the most likely to have a payroll tax liability given the ACT has the highest tax free threshold in Australia.

The Government's view is that substantial corporate businesses should pay payroll tax and make a contribution to the provision of government services. This similarly applies to businesses in all sectors of the economy.

The Government notes that the application of payroll tax means that \$6,850 would be raised per \$100,000 of payroll above \$2 million. By way of example:

Payroll of \$2 million: \$0 in payroll tax

Payroll of \$2.5 million: \$34,250 per annum in payroll tax

Payroll of \$3 million: \$68,500 per annum in payroll tax

While the contractor provisions are not new, and the provisions are harmonised with most other states and territories, the Government acknowledges that there appears to be a 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.

As a result, the Government has decided to provide significant concessions to medical practices which are not available to any other businesses that are liable for payroll tax. This includes a waiver of any retrospective unpaid payroll tax liabilities and an amnesty for the next two years for those medical practices that offer affordable GP services.

Specifically:

- the ACT Government will waive any payroll tax liabilities up until 30 June 2023 for GP medical practices which have not paid payroll tax on payments to contracted GPs. This waiver will ensure general practice medical businesses are not subject to retrospective assessments for which they have not planned. Medical practices will automatically receive this exemption and do not need to apply for it.
- To provide further time for general practices that support the community with reasonable levels of bulk billing to review their taxation arrangements, the government is offering a further two-year payroll tax amnesty on GP contractor payments. This will allow GP practices time to seek advice and implement necessary changes to ensure future payroll tax compliance. This amnesty will be available on GP contractor payments until 30 June 2025 for medical centres that:

- are bulk billing at least 65 per cent of all patient services¹; and
- have registered for MyMedicare;

The two-year amnesty is available to all medical practices that meet the bulk billing threshold, irrespective of whether they had previously paid payroll tax on payments to contracted GPs or not. It also includes GP clinics which begin operations between now and 30 June 2025. In these respects, the ACT exemption goes further than temporary amnesties announced in other States which are restricted to medical practices which previously had not been paying tax they were liable to pay on payments to contracted GPs, and which were in operation at the time the amnesties were announced.

By assisting GP practices that are supporting the community with significant levels of bulk billing, the ACT Government is seeking to enhance access to primary healthcare and relieve cost-of-living pressures.

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. In the June quarter of the last financial year, 30 of the 31 primary health networks across Australia saw more than 70 per cent of consultations bulk billed. The only jurisdiction – and the only primary health network region – not over 70 per cent was the ACT at 56 per cent.

Higher levels of bulk billing in the ACT will support cost of living pressures for households and families seeking to access primary health care.

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 guidance and a revenue circular on the application of payroll tax to medical practices.

The ACT Health Directorate also 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, and testing new mechanisms to support care to ACT residents who have complex medical needs through the Commonwealth-funded Primary Care pilot.

The ACT Government, through the National Cabinet, has endorsed the Commonwealth's substantial package of Strengthening Medicare measures that will deliver the highest priority investments in primary care.

These measures are in line with the recommendations of the Strengthening Medicare Taskforce and will build the foundations of reform to primary care in Australia.

The interconnected nature of the health system means that investments to improve access to primary care will flow through to reduce demand on our hospital system, by preventing the need for tertiary care and diverting people to the most appropriate setting for care.

¹ Determined on the basis of the Quarterly Medicare Statistics reported by the Department of Health and Aged care - Medicare Benefits Schedule GP non-referred attendance data.

From: "Treasury Coord" <TreasuryCoord@act.gov.au>
Sent: 31/08/2023 10:11 AM
To: "Hocking, Stuart" <Stuart.Hocking@act.gov.au>; "Miners, Stephen" <Stephen.Miners@act.gov.au>; "Salisbury, Kim" <Kim.Salisbury@act.gov.au>; "Ellis, David" <David.Ellis@act.gov.au>
Cc: "OCRMD" <OCRMD@act.gov.au>; "Gardiner, Jodie" <Jodie.Gardiner@act.gov.au>; "Stonehouse, Sarah" <Sarah.Stonehouse@act.gov.au>; "Ford, Blake" <Blake.Ford@act.gov.au>; "Treasury DLO" <TreasuryDLO@act.gov.au>
Subject: FOR INFO: Hansard for Question Time on Wed 30 August 2023 - GP Payroll Tax
Attachments: Q0830Wed.docx

OFFICIAL

Good morning All

The Chief Minister answered some questions regarding GP Payroll Tax during question time yesterday/Wednesday 30 August 2023. If you are interested, please see pages 2-3 of the attached hansard.

Kind Regards

Narelle Cross

Coordination Manager

Phone: +61 2 6205 2093 | Email: narelle.cross@act.gov.au

Office of The Under Treasurer | Chief Minister, Treasury and Economic Development Directorate | **ACT Government**

Level 1, 220 London Circuit | GPO Box 158, Canberra ACT 2601 | www.act.gov.au

Please note I currently work 9:30am-2:30pm Mon-Thurs and 9am-2pm Fri.

Managing work flexibly – I may send and respond to emails out of hours – there is no expectation on you to do the same.



QUESTION TIME
OF THE
LEGISLATIVE ASSEMBLY
FOR THE
AUSTRALIAN CAPITAL TERRITORY

HANSARD

Edited proof transcript

Wednesday, 30 August 2023

This is an **EDITED PROOF TRANSCRIPT** of question time proceedings that is subject to further checking. Members' suggested corrections for the official *Weekly Hansard* should be lodged with the Hansard office as soon as possible.

Questions without notice

Taxation—general practice clinics

MS LEE: My question is to the Treasurer. Treasurer, the federal Labor health minister, the Hon Mark Butler, back in April this year, when asked specifically about the issue of state and territory governments imposing payroll tax on GP clinics, said, and I quote:

Obviously any new, additional cost to general practice is going to be a concern for them, and for me, I'm very worried about the viability of general practice.

Treasurer, being one of those territories that is imposing the additional costs on GPs, do you agree with the federal Labor minister's comments?

MR BARR: I certainly agree that primary health care needs additional funding, so I am very supportive of the initiatives contained within this year's federal budget, particularly the tripling of the bulk-billing incentive. But what I would like to see is that—

Mr Hanson: Madam Speaker, on relevance. The opposition leader's question is very clear as to whether the Chief Minister agrees with Mr Butler's comments about additional costs, not about other issues. I ask that he be directly relevant. He is clearly not going there, is he?

MADAM SPEAKER: He is within order. It is 28 seconds. You were on your feet within 30 seconds, Mr Hanson. Mr Barr?

MR BARR: Thank you, Madam Speaker. If the federal minister is concerned in relation to taxation arrangements for GPs, then perhaps the commonwealth might like to consider either injecting more funding into general practice, or perhaps creating a special corporate tax rate for GPs, or perhaps taxing their income differently. But I do note that GPs would be amongst the biggest beneficiaries of the stage 3 tax cuts that are coming, so most GPs could get up to \$9,000 per annum as part of the stage 3 tax cuts—

Ms Lee: Do you agree with him or not?

MR BARR: What I do not agree with is the suggestion that this level of government—states and territories—should be waiving all of our taxation arrangements to get no benefit, no guarantee that fees would not rise and no guarantee of an increase in bulk-billing. The proposition being put by those opposite is: just waive away a revenue line for the territory for no guarantee of any increase in bulk-billing—

Opposition members interjecting—

MADAM SPEAKER: Members!

MS LEE: Treasurer, do you hold concerns about the viability of general practice

clinics in the ACT following your decision to charge them payroll tax?

MR BARR: No. What I hoped for is an increase in bulk-billing in the ACT as a result of the commonwealth tripling their incentive for bulk-billing. What I want to see from GPs in the ACT is that they do what every other GP elsewhere in Australia manages to do, and that is to get the bulk-billing rate above where it is now and back to where it was previously. They have been given a very strong incentive by the commonwealth, and now by the territory government: get bulk-billing above 65 per cent.

MS CASTLEY: Treasurer, why are you the only one not concerned, given the issues raised by GPs, the AMA, the RACGP and the federal health minister?

MR BARR: I think those of us who look holistically at the issues, rather than through the lens of seeking to minimise their tax, and who look more holistically at the suite of reforms that are on the table for primary health care—that is what we should be focused on. What we need to do is take the millions of unnecessary GP consultations out of the system by allowing longer prescription periods and allowing pharmacists to do more, which we have a trial underway for here in the ACT, and expanding the scope of practice for nurse practitioners and moving away from fee—

Mr Hanson interjecting—

MR BARR: Oh, Jeremy! Can you shut up ever?

MADAM SPEAKER: Mr Barr. I agree with your sentiment, but please do not use that language—

MR BARR: Sorry, Madam Speaker, but when you cannot even hear yourself speak over the top of the deputy leader, and he is on a warning every day in this place—

Opposition members interjecting—

MADAM SPEAKER: Members! Can we bring some respect and regard back into this debate. It is not a free for all; it is question time.

Ms Lawder: On a point of order, Madam Speaker. Asking someone to shut up doesn't show respect either. It should go both ways.

MADAM SPEAKER: I am going to come to Mr Barr. Can you withdraw—

MR BARR: I withdraw, Madam Speaker.

MADAM SPEAKER: Members, can we please have some level of quiet through question time.

MR BARR: As I was endeavouring to say, we need to move away from the fee-for-service model in primary health care. That is what national cabinet is focused on, and that is needed in this system: to move away from that. And it should not be on the states and territories to waive their revenue base to achieve it.

From: "Bunt, Jacquie" <Jacquie.Bunt@act.gov.au>
Sent: 31/08/2023 11:05 AM
To: "Salisbury, Kim" <Kim.Salisbury@act.gov.au>; "Ellis, David" <David.Ellis@act.gov.au>
Cc: "CMTEDDMedia" <CMTEDDMedia@act.gov.au>; "OCRMD" <OCRMD@act.gov.au>
Subject: FW: ACT Government Daily Media Report 30 Aug 2023 - 8pm Update
Attachments: ACT Government Daily Media 30 August 2023 - 8pm Update.doc

OFFICIAL

Hi Both,

In case you missed it. Some more coverage of GP Payroll Tax.

Interview with Dr Nicole Higgins, National President, Royal Australian College of General Practitioners, about ACT Chief Minister Andrew Barr slamming Canberra GP's over the payroll tax debate

2CC, Canberra Live, 30/08/2023, Leon Delaney

Interview with Dr Nicole Higgins, National President, Royal Australian College of General Practitioners, about ACT Chief Minister Andrew Barr slamming Canberra GP's over the payroll tax debate. Higgins says they all want to support their patients but the reforms that are coming through are targeted at the vulnerable population. She explains that those who don't have a health care card or are not under 16 or a pensioner will have pay more to cover the cost of payroll tax.

[Play Now](#)

ACT Chief Minister Andrew Barr has taken aim at both the Royal Australian College of General Practitioners and the Australian Medical Association, accusing them of exaggerating the impact of changes to the way payroll tax is calculated and of lacking ambition in regard to bulk billing

2CC, Canberra Live, 30/08/2023, Leon Delaney

ACT Chief Minister Andrew Barr has taken aim at both the Royal Australian College of General Practitioners and the Australian Medical Association, accusing them of exaggerating the impact of changes to the way payroll tax is calculated and of lacking ambition in regard to bulk billing. Barr says the 65% bulk billing rate is achieved in other jurisdictions and many clinics don't exceed the \$2 million payroll tax threshold.

[Play Now](#)

Cheers,
Jacquie

Jacqueline Bunt – 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



I acknowledge the Ngunnawal People as traditional custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region.
I acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region.

Artwork: Together, 2019 (detail)
by Selina Walker

From: Isentia Daily Briefings <DailyBriefings@isentia.com>
Sent: Wednesday, 30 August 2023 8:25 PM
To: Bunt, Jacquie <Jacquie.Bunt@act.gov.au>
Subject: ACT Government Daily Media Report 30 Aug 2023 - 8pm Update

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](#)



Daily Media Report

Wednesday, 30th August 2023

Please note that due to copyright restrictions content (reports and clips) should only be shared and forwarded to those with an act.gov.au or act.edu.gov.au email address.

To subscribe or unsubscribe from the Daily Media Report please email Support@isentia.com

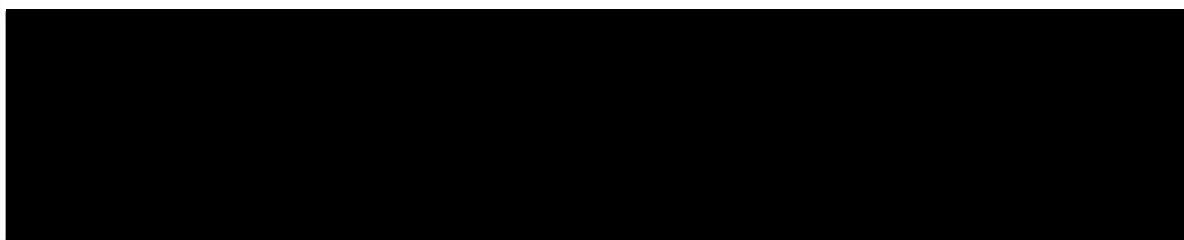
For any questions on the media monitoring service or to provide feedback please contact MediaMonitoring@act.gov.au

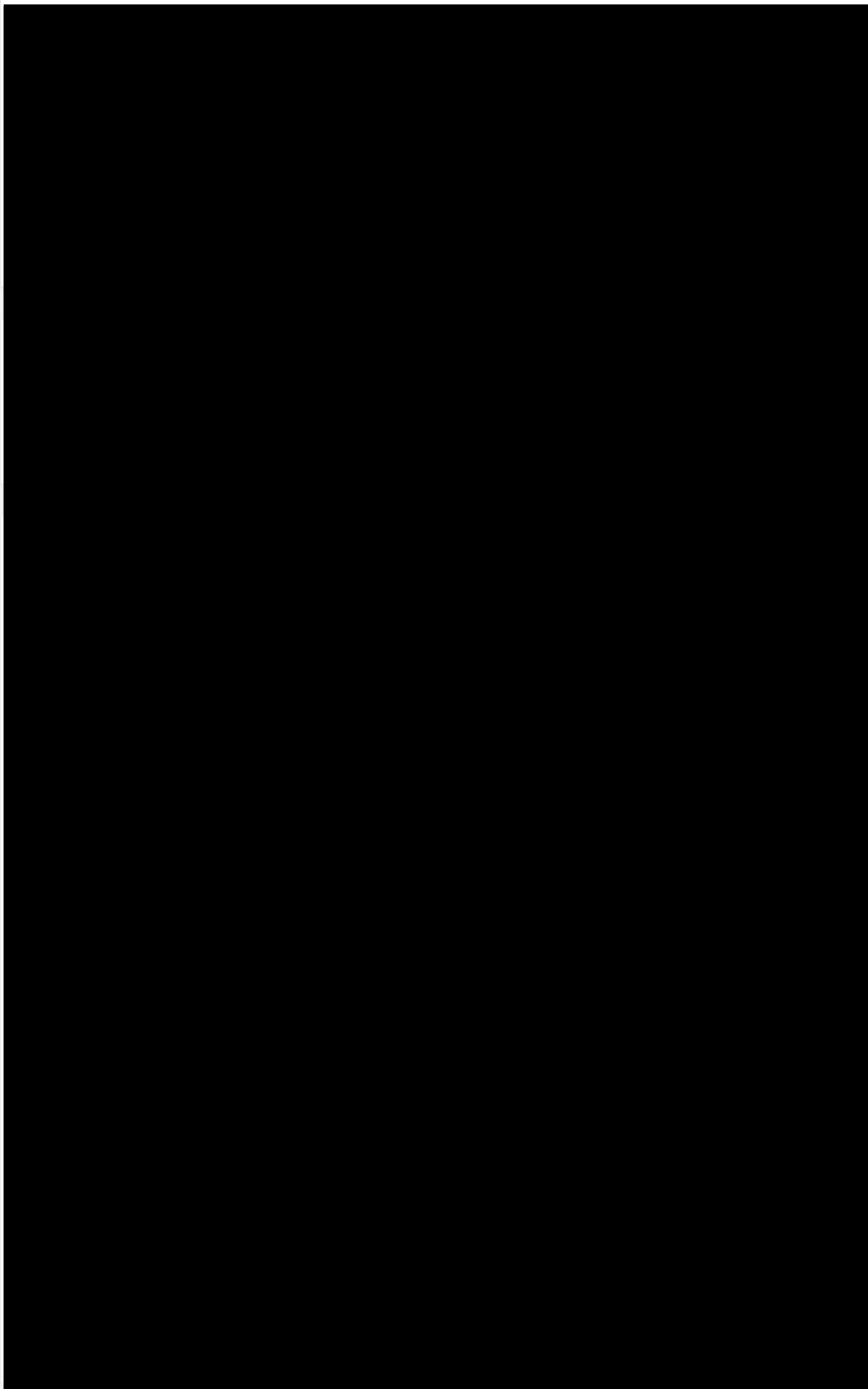
[COVID-19](#) | [Canberra Community](#) | [Economic Development](#) | [Education](#) | [Community Safety](#) | [Environment](#) | [Health](#) | [Industrial Relations](#) | [Land and Planning](#) | [Justice](#) | [Ministers and Opposition](#) | [Supporting Families](#) | [Tourism](#) | [Transport](#)

LINKS

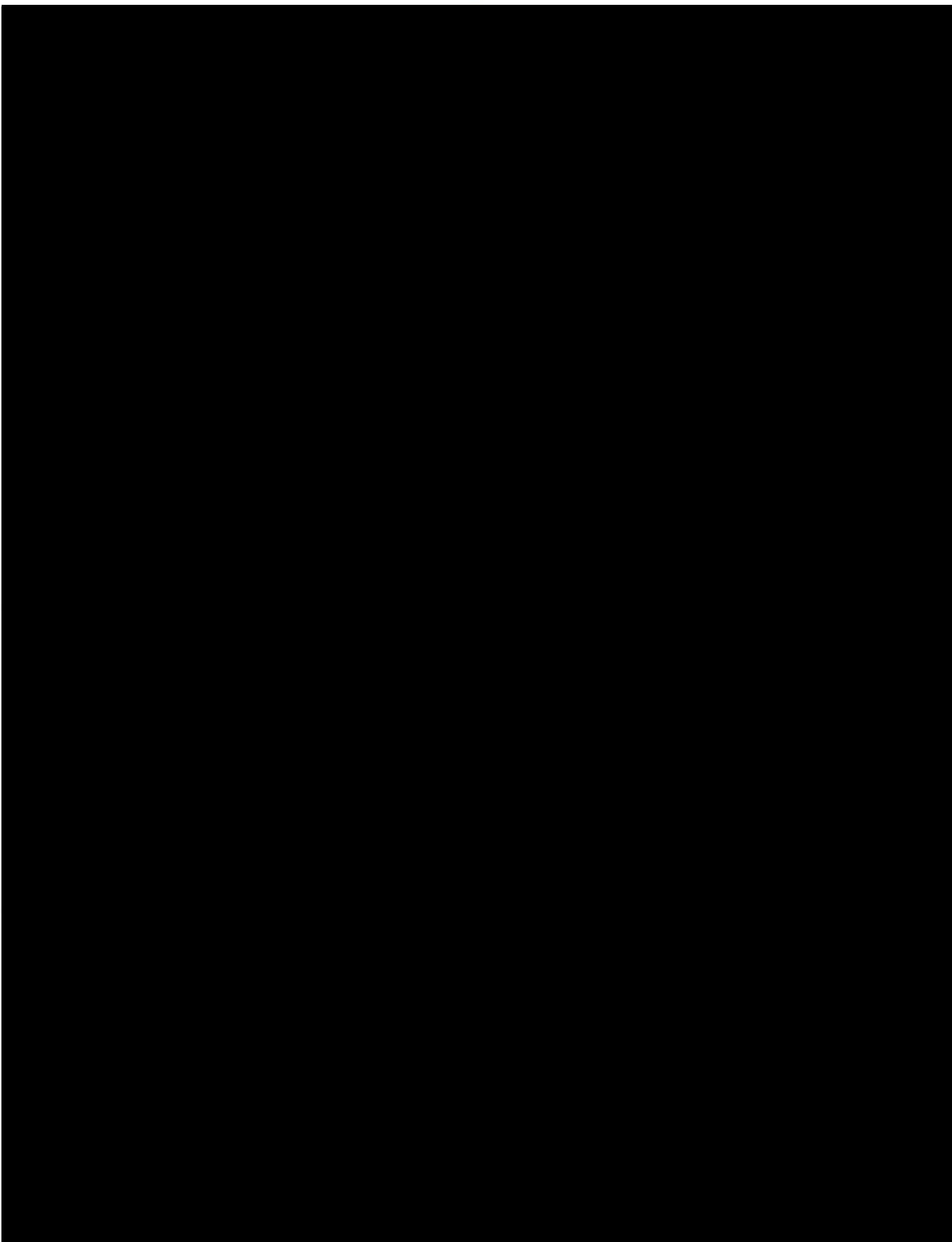
[Click here to view today's front pages](#)

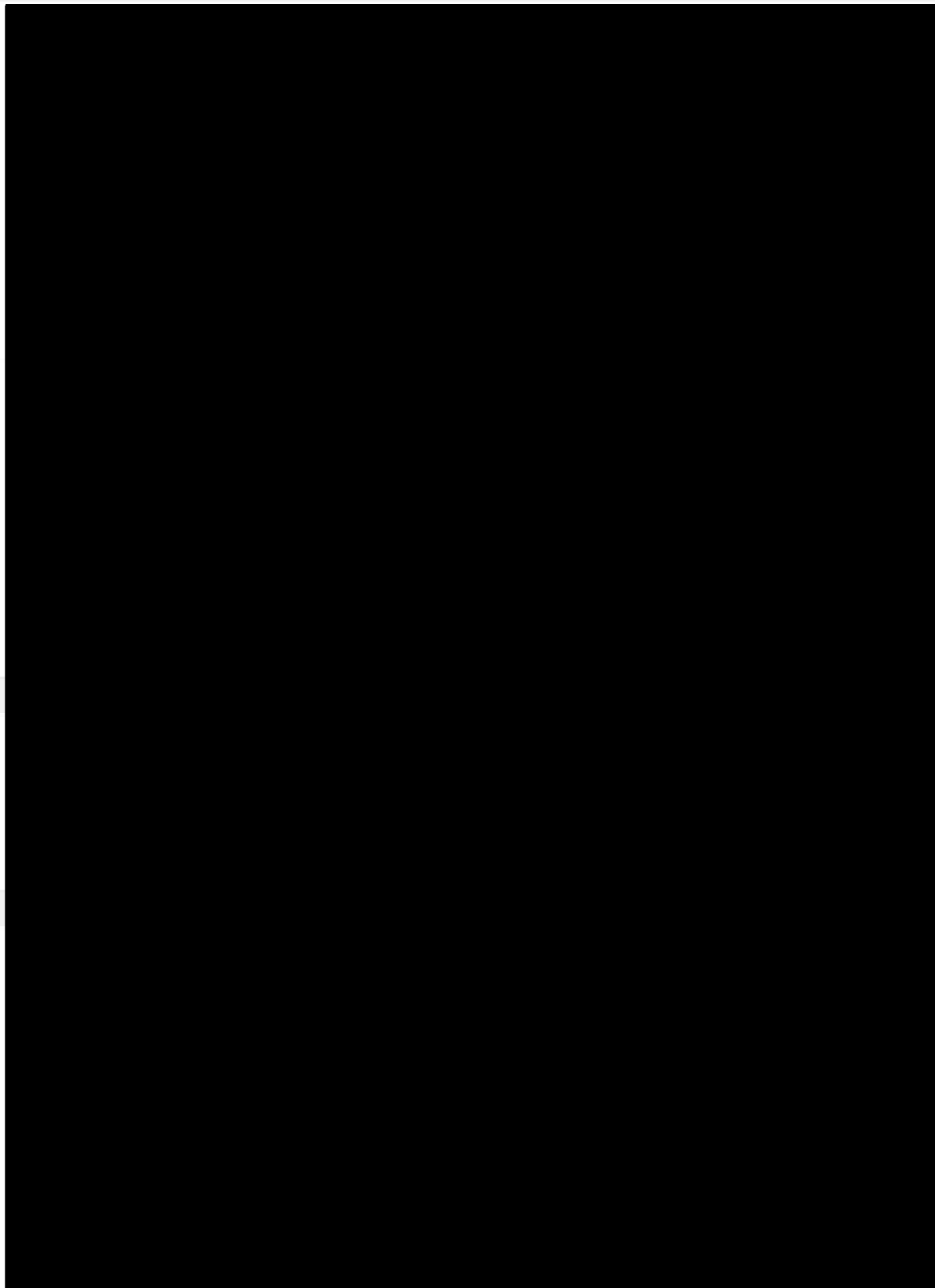
EXECUTIVE SUMMARY











Interview with Dr Nicole Higgins, National President, Royal Australian College of General Practitioners, about ACT Chief Minister Andrew Barr slamming Canberra GP's over the payroll tax debate

2CC, Canberra Live, 30/08/2023, Leon Delaney

Interview with Dr Nicole Higgins, National President, Royal Australian College of General Practitioners, about ACT Chief Minister Andrew Barr slamming Canberra GP's over the payroll tax debate. Higgins says they all want to support their patients but the reforms that are coming through are targeted at the vulnerable population. She explains that those who don't have a health care card or are not under 16 or a pensioner will have pay more to cover the cost of payroll tax.

[Play Now](#)

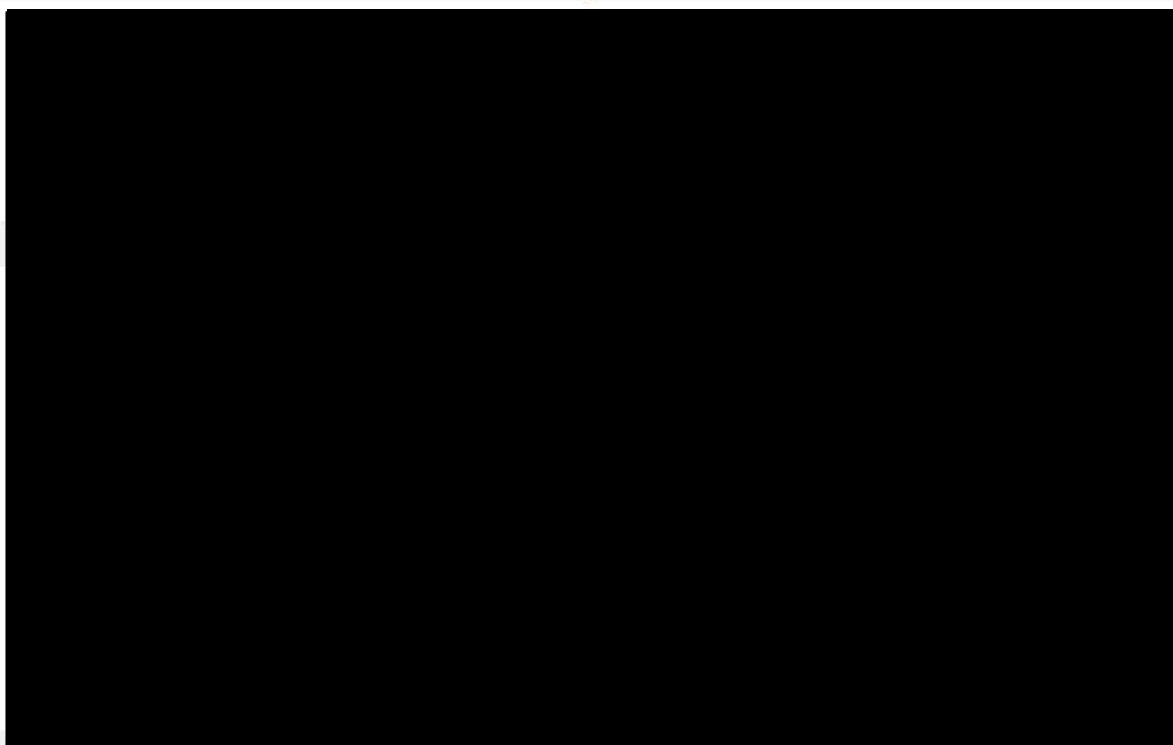
ACT Chief Minister Andrew Barr has taken aim at both the Royal Australian College of General Practitioners and the Australian Medical Association, accusing them of exaggerating the impact of changes to the way payroll tax is calculated and of lacking ambition in regard to bulk billing

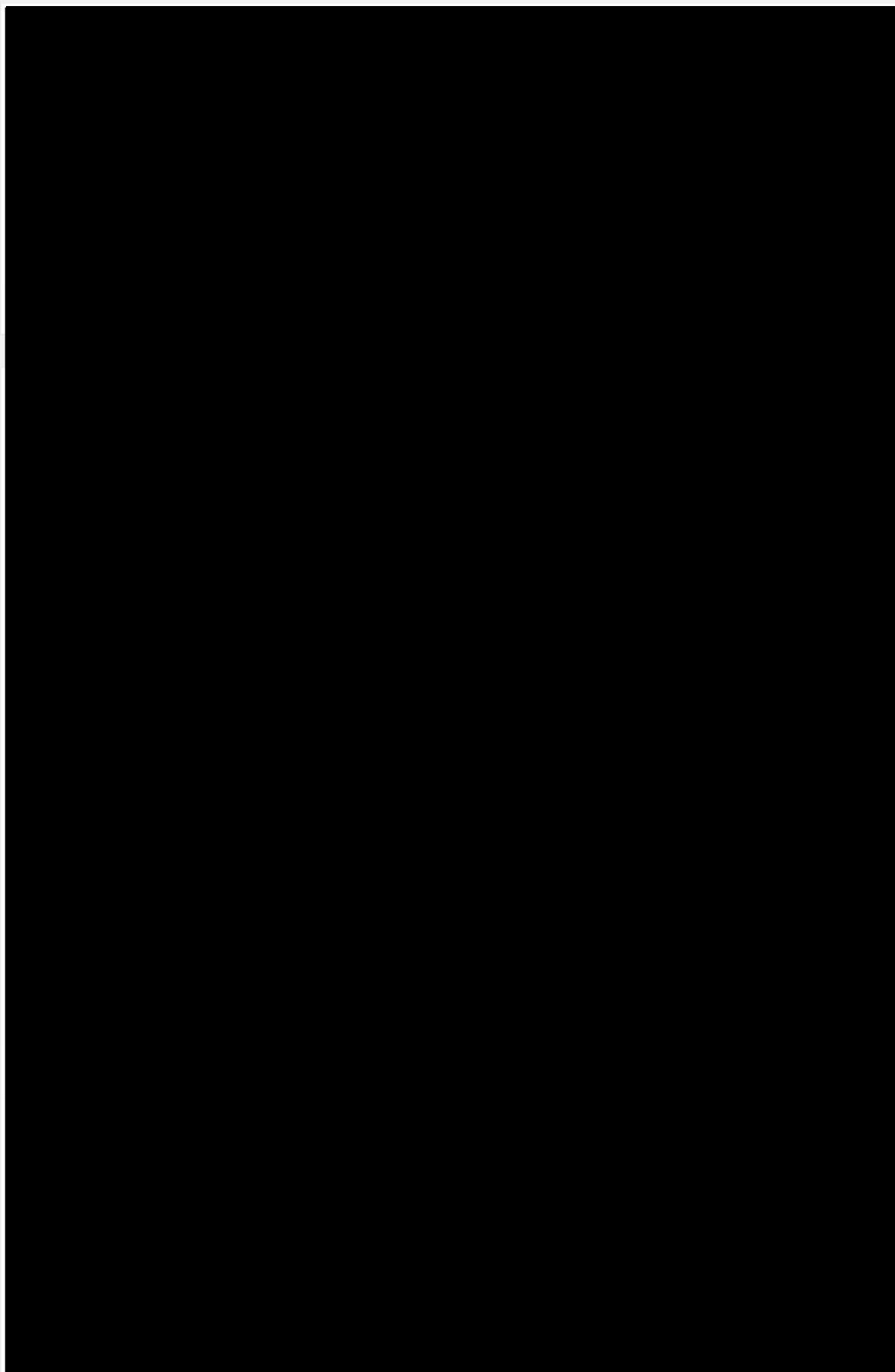
2CC, Canberra Live, 30/08/2023, Leon Delaney

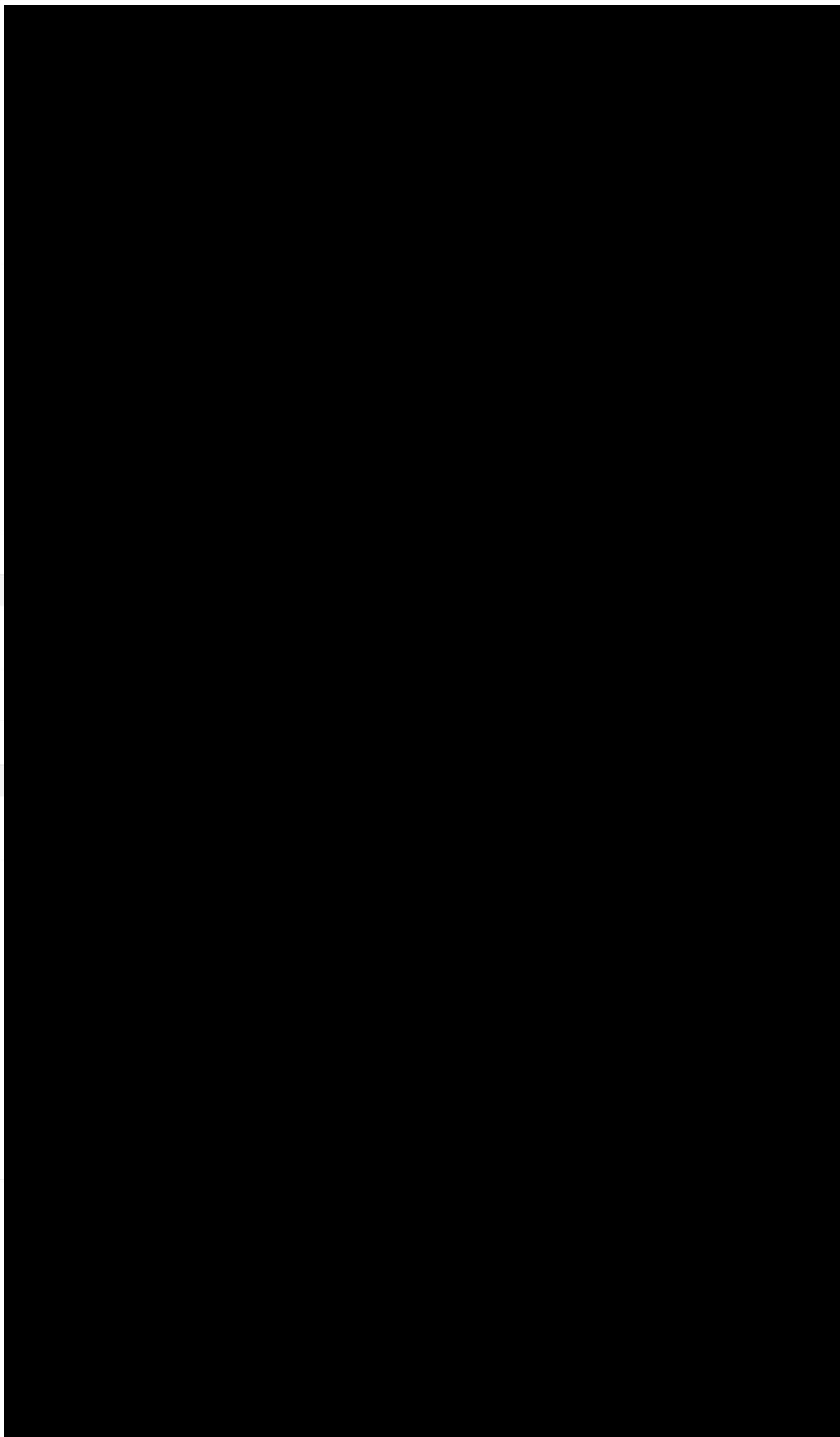
ACT Chief Minister Andrew Barr has taken aim at both the Royal Australian College of General Practitioners and the Australian Medical Association, accusing them of exaggerating the impact of changes to the way payroll tax is calculated and of lacking ambition in regard to bulk billing. Barr says the 65% bulk billing rate is achieved in other jurisdictions and many clinics don't exceed the \$2 million payroll tax threshold.

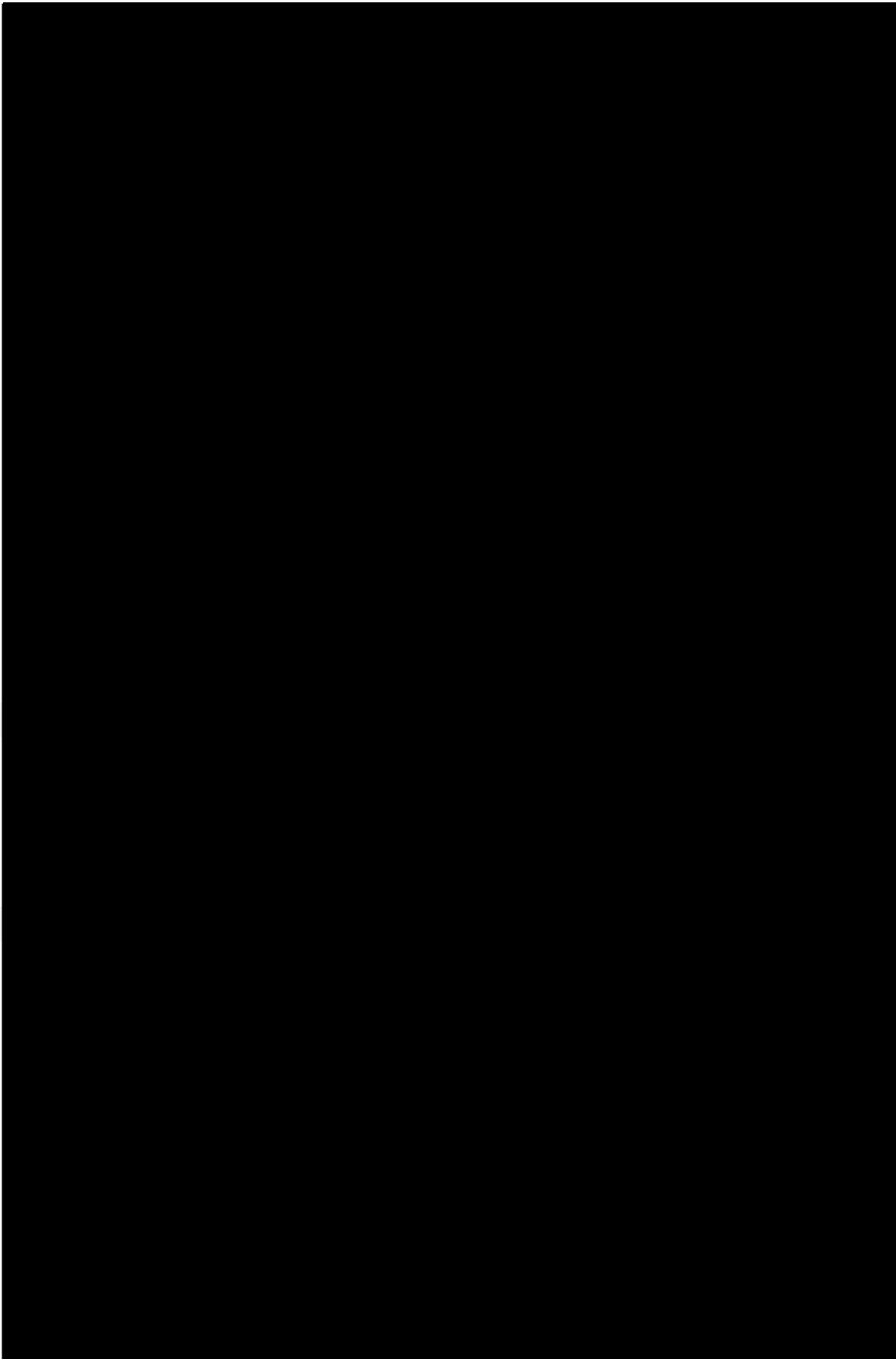
[Play Now](#)

[Back to Top](#)









Prepared by Isentia

Daily Briefings includes copyright material which is strictly for internal client use only.
See [Copyright Terms of Use](#)



From: "Khan, FaheemK" <FaheemK.Khan@act.gov.au>
Sent: 31/08/2023 10:25 AM
To: "Salisbury, Kim" <Kim.Salisbury@act.gov.au>; "Hocking, Stuart" <Stuart.Hocking@act.gov.au>; "Miners, Stephen" <Stephen.Miners@act.gov.au>; "Ellis, David" <David.Ellis@act.gov.au>
Subject: FW: GP Payroll Tax Statement
Attachments: 20230831 Att B - Government Response - 30Aug final - RSS tracked.docx
Importance: High

Final version to be updated for queries raised in attached and the discussion in separate emails. I think to Minister RSS's point, the wording is a little clunky and could be cleaned up.

Faheem

Faheem Khan

From: Tomlinson, Benjamin <Benjamin.Tomlinson@act.gov.au>
Sent: Thursday, 31 August 2023 10:13 AM
To: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Cc: Cook, Michael <Michael.Cook@act.gov.au>
Subject: RE: GP Payroll Tax Statement

Hi FK

Edits and a couple of queries attached.

B

From: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Sent: Thursday, 31 August 2023 8:21 AM
To: Tomlinson, Benjamin <Benjamin.Tomlinson@act.gov.au>
Cc: Cook, Michael <Michael.Cook@act.gov.au>
Subject: GP Payroll Tax Statement
Importance: High

Ben

For RSS consideration – as flagged yesterday, updated to provide further context and supporting rationale.

The intent is not to stand and speak to the tabling statement – pending Greens.

Faheem

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

Payroll tax is the single largest source of revenue for State and Territory governments. In the ACT, it is forecast to raise \$806 million in 2023-24 or approximately 30 per cent of own-source taxation revenue. This revenue is used to fund essential services to the Canberra community.

In the ACT, payroll tax is levied on Australia-wide wages above the threshold of \$2 million per year at a rate of 6.85 per cent. At \$2 million, the ACT has the highest tax-free threshold of any state or territory, meaning that very few small and medium sized businesses in the Territory are liable for payroll tax.

Unless a specific exemption applies, such as for certain charities, payroll tax applies equally to all non-government businesses and industries in the ACT.

Payroll tax applies to a broad range of remuneration to ensure that there are no incentives to structure payment arrangements to minimise or avoid tax. This includes fringe benefits, superannuation, employee share schemes, payments to directors and payments under contracts.

Payments to contractors are liable for payroll tax unless an exemption applies. The contractor provisions are harmonised with other states and territories.

The contractor provisions are not new, and there have been no recent changes to these provisions. They apply to all businesses that engage in contractor arrangements and are otherwise liable for payroll tax. The Government has not introduced a new tax on medical practices, and medical centres are treated the same way as any other commercial businesses operating in the ACT for payroll tax purposes.

The application of payroll tax to a healthcare centre business has received increased attention in recent years, more recently. But the court decisions have not resulted in a change in the interpretation of the law. In particular, the principle that a healthcare practitioner can provide services to the healthcare centre has been upheld by courts in multiple recent cases, including the NSW 2023 Court of Appeal decision in *Thomas and Naaz Pty Ltd*.

This means that a contract between a healthcare centre business and a practitioner is a relevant contract and therefore liable for payroll tax if all of the following apply:

-a) the practitioner carries on a business or practice of providing medical-related services to patients;

b) in the course of conducting its business, the medical centre:

i. provides members of the public with access to medical-related services; and

Commented [SSR1]: Is it levied on Australia-wide wages or wages paid in the ACT with an Australia-wide wage tax-free threshold of \$2 million? Presume Commonwealth Bank does not pay payroll tax on all wages across Australia to all jurisdictions

ii. engages a practitioner to supply services to the medical centre by serving patients on its behalf;

The provisions apply equally to all entities including corporate healthcare providers such as private hospitals, day hospitals and specialist medical centres.

Around 70 GP medical practices have been identified in the ACT, with currently less than ten of these registered and paying payroll tax. There are a range of practice types, including large corporate groups, in some cases operating from multiple sites, and practices of varying size.

Large practices with many doctors, nurses and administration staff, and those that are grouped together by factors such as common ownership or control, are the most likely to have a payroll tax liability given the ACT hasving the highest tax free threshold in Australia.

The Government's view of this the Ggovernment is that substantial corporate businesses should pay payroll tax and make a contribution to the provision of government services. This similarly applies to businesses in all sectors of the economy.

The Government notes that the application of payroll tax means that \$6,850 would be raised per \$100,000 of payroll above \$2 million. By way of example:

Payroll of \$2 million: \$0 in payroll tax

Payroll of \$2.5 million: \$34,250 per annum in payroll tax

Payroll of \$3 million: \$68,500 per annum in payroll tax

While the contractor provisions are not new, and the provisions are harmonised with most other states and territories, the Ggovernment acknowledges that there appears to be a 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.

As a result, the Government has decided to provide significant concessions to medical practices which are not available to any other businesses which-that are liable for payroll tax. This includes a waiver of any retrospective unpaid payroll tax liabilities and an amnesty for the next two years for those medical practices that offer affordable GP services.

Specifically:

- the ACT Government will waive any payroll tax liabilities up until 30 June 2023 for GP medical practices which have not paid payroll tax on payments to contracted GPs. This waiver will ensure general practice medical businesses are not subject to retrospective assessments for which they have not planned. Medical practices will automatically receive this exemption and do not need to apply for it.
- To provide further time for general practices that support the community with reasonable levels of bulk billing to review their taxation arrangements, the

government is offering a further two-year payroll tax amnesty on GP contractor payments. This will allow GP practices time to seek advice and implement necessary changes to ensure future payroll tax compliance. This amnesty will be available on GP contractor payments until 30 June 2025 for medical centres that:

- are bulk billing at least 65 per cent of all patient services; and
- have registered for MyMedicare;

Commented [TB2]: Question whether we should specify (with a footnote potentially) on what measure and explicitly state "based on Medicare Benefits Schedule GP non-referred attendance data"

The two-year amnesty is available to all medical practices that meet the bulk billing threshold, irrespective of whether they had previously paid payroll tax on payments to contracted GPs or not. It also includes GP clinics which begin operations between now and 30 June 2025. In these respects, the ACT exemption goes further than temporary amnesties announced in other States which are restricted to medical practices which previously had not been paying tax they were liable to pay on payments to contracted GPs, and which were in operation at the time the amnesties were announced.

By assisting GP practices that are supporting the community with significant levels of bulk billing, the ACT Government is seeking to enhance access to primary healthcare and relieve cost-of-living pressures.

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. In the June quarter of the last financial year, 30 of the 31 primary health networks across Australia bulk billed saw more than 70 per cent of consultations bulk billed. The only jurisdiction – and the only primary health network region – not over 70 per cent was the ACT at 56 per cent.

[Higher levels of bulk billing in the ACT will support cost of living pressures for households and families seeking to access primary health care.](#)

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 guidance and a revenue circular on the application of payroll tax to medical practices.

The ACT Health Directorate also 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, and testing new mechanisms to support care to ACT residents who have complex medical needs through the Commonwealth-funded Primary Care pilot.

[The ACT Government, through the National Cabinet, has endorsed the Commonwealth's substantial package of Strengthening Medicare measures that will deliver the highest priority investments in primary care.](#)

[These measures are in line with the recommendations of the Strengthening Medicare Taskforce and will build the foundations of reform to primary care in Australia.](#)

The interconnected nature of the health system means that investments to improve access to primary care will flow through to reduce demand on our hospital system, by preventing the need for tertiary care and diverting people to the most appropriate setting for care.

The National Cabinet endorsed reforms support health practitioners to work to their full scope of practice. The Commonwealth and Territory Governments will undertake a scope of practice review that examines barriers and incentives for all professionals to work to their full scope of practice to ensure that our health workforce is able to meet community needs.

The Commonwealth Government is providing additional funding to after-hours services and improving collaboration across primary care providers. New programs will increase access to services for culturally and linguistically diverse Australians and people experiencing homelessness, and encourage access to services through Healthdirect. This will benefit patients by supporting access to care, as well as primary care providers and hospitals, by improving pathways to primary care and reducing demand on emergency departments.

National Cabinet also supported the establishment MyMedicare to support patients registered with their regular general practice and care team through new blended payment models. MyMedicare is a voluntary patient registration scheme that will improve continuity of care and provide funding packages for new models of patient-centred care. As part of MyMedicare, the Commonwealth Government will also introduce new funding packages for wrap-around care in the community for people with chronic disease who are frequent hospital users, and a new General Practice in Aged Care Incentive to improve access to general practitioners in residential aged care homes.

The Commonwealth Government will increase funding for multidisciplinary team-based care in General Practices through increases to the Workforce Incentives Program – Practice Stream and through Primary Health Networks to commission multi-disciplinary care teams. Well executed team-based, multidisciplinary care offers a higher quality of care, resulting in better health outcomes.

We believe the relief being provided to GP clinics is a proactive step in our commitment to refining policies that impact all Canberrans, including their access to affordable healthcare. The ACT Government believes is confident that the support being provided to GP clinics through the National Cabinet reforms will improve access to affordable healthcare. We are ensuring that medical practices have ample time to adapt 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.

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

From: [REDACTED]
Sent: 31/08/2023 3:00 PM
To: "BARR" <BARR@act.gov.au>
Subject: payroll tax

You don't often get email from [REDACTED] [Learn why this is important](#)

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](#)

Dear Mr Barr,
 I am writing regarding

payroll tax, as a concerned GP, practice owner [REDACTED] and on behalf of patients who will be hit the hardest.

The GPs at [REDACTED] saw 10% of Canberrans in the last year. They see around [REDACTED] patients per week.

The introduction of a new payroll tax on tenant GP payments will result in higher costs to see a GP. This will reduce accessibility, hitting the most vulnerable the hardest. It will reduce the bulk billing. Emergency presentations and wait times will increase, along with hospital costs. Patient care will suffer.

This new interpretation of tax on General Practices would make my practice and many others financially unviable. It is to be imposed on the practice, not the GPs. Of the proportion of patient fees that the GPs pay the practice, this tax [REDACTED]. Can you imagine an additional [REDACTED] cost on running your hospitals?

[REDACTED] The choice is to close doors or pass the cost onto patients. No practice wants to increase fees at a time of increased cost of living pressures. Practices all around Canberra are planning unscheduled fee increases right now. You can halt those plans right now.

We are not seeking a general exemption to payroll tax. [REDACTED] We are seeking for it not to be applied to tenant GPs who are small business owners. We provide a service for them running their business within our facilities. They pay us, rather than we pay them. They are not employees.

The tax is not being applied elsewhere in Australia except Victoria. A temporary amnesty for General Practice has been provided in SA, QLD and NSW. WA, Tas and NT have expressed no intention of applying this tax. Other states and territories recognise that this tax would hurt patients by increasing costs to access General Practice.

The tax rate in the ACT is the highest in the country at 6.85% and would be applied to GP fees. The increased fees to patients will need to exceed the payroll tax percentage as those who pay will need to subsidise those who are bulk billed. I believe more than half of Canberra patients would be impacted. Data is being collected from practices to find out the impact and reach, but some preliminary calculations show it is more than 50%.

Higher fees will hurt patients.

The highest taxes on General Practice in Australia will:

- block access to care, particularly those who are most at risk and vulnerable
- reduce preventative care, leading to poorer health outcomes and higher costs later
- drive people to 'free' Emergency at \$500+ per visit, where patients will likely see a doctor far more junior than a specialist GP, with no provision of continuity of care.
- increase Emergency waiting times.
- increase hospital admissions and increase hospital costs more than any revenue the government collects.
- reduce bulk billing

The highest taxes on General Practice in Australia will make the ACT an unattractive location for GP, making GP shortages worse and further increasing wait times to see a GP. We have one of the lowest rates of GPs in Australia.

I am currently seeing the lowest moral, since last weekend, of any time in my twenty years in General Practice in the ACT. Older GPs are saying now looks like a good time to exit. GPs in training are questioning their choice and looking sideways. Mid career GPs are looking to other states. Practice owners are facing insolvency as they look at their numbers. I have spoken to them and that is their reality. Practices are putting a hold on growth.

Solutions?

If practices bulk bill >65% of appointments then the tax would not be applied. Unfortunately, high quality care and bulk billing are not compatible with financial viability. We have seen this from the closure of the Co-Op and Hobart PI Practices.

For bulk billing to be at all possibly financially possible, it requires brief consultations and high patient churn.

My colleagues are striving instead for genuine care and clinical excellence for their patients.

I see GPs who provide true cradle to grave care. Care provided to multiple generations in one family. Relationships lasting decades. GPs who are trusted, knowledgeable, experienced and dedicated. GPs who choose to spend longer with patients to give them the care they need, even though Medicare financially rewards short consultations.

I see GPs working over lunch and staying back late, spending unpaid hours, battling and advocating for their patients to get care in an overstretched health system. It is harder to measure this than a bulk billing statistic.

Rather than increase bulk billing, this decision will reduce bulk billing. We are planning to reduce bulk billing to try to save costs. For example, we will stop bulk billing vaccinations for immunisations under the National Immunisation Program, appointments we have previously provided at a loss over the last decade, because of our commitment to the community.

General Practice is the most efficient and cost effective part of the health system. Applying a barrier at this point in the system makes no sense.

But what is a real solution?

I request on behalf of my practices and my patients, for the ACT government to join the majority of other states and territories in not pursuing payroll tax on tenant GP payments, which will be a tax on patients. I ask the ACT Government to lead the way in providing permanent exemption on applying payroll tax to tenant GP payments.

Kind regards,

From: "Hocking, Stuart" <Stuart.Hocking@act.gov.au>
Sent: 31/08/2023 11:01 AM
To: "Khan, FaheemK" <FaheemK.Khan@act.gov.au>; "Salisbury, Kim" <Kim.Salisbury@act.gov.au>; "Miners, Stephen" <Stephen.Miners@act.gov.au>; "Ellis, David" <David.Ellis@act.gov.au>
Cc: "Treasury DLO" <TreasuryDLO@act.gov.au>
Subject: Re: GP Payroll Tax Statement

OFFICIAL

Kim can we leave this with you - Stephen and I are in HoTs

Get [Outlook for iOS](#)

From: Khan, FaheemK <FaheemK.Khan@act.gov.au>

Sent: Thursday, August 31, 2023 10:58:26 AM

To: Salisbury, Kim <Kim.Salisbury@act.gov.au>; Hocking, Stuart <Stuart.Hocking@act.gov.au>; Miners, Stephen <Stephen.Miners@act.gov.au>; Ellis, David <David.Ellis@act.gov.au>

Cc: Treasury DLO <TreasuryDLO@act.gov.au>

Subject: RE: GP Payroll Tax Statement

I assumed you were all aware – but in case you were not – this is due for embargo with the Assembly ASAP (11am is the time they state – we can stretch the friendship a little, but not a lot).

Faheem Khan

From: Khan, FaheemK

Sent: Thursday, 31 August 2023 10:25 AM

To: Salisbury, Kim <Kim.Salisbury@act.gov.au>; Hocking, Stuart <Stuart.Hocking@act.gov.au>; Miners, Stephen <Stephen.Miners@act.gov.au>; Ellis, David <David.Ellis@act.gov.au>

Subject: FW: GP Payroll Tax Statement

Importance: High

Final version to be updated for queries raised in attached and the discussion in separate emails. I think to Minister RSS's point, the wording is a little clunky and could be cleaned up.

Faheem

Faheem Khan

From: Tomlinson, Benjamin <Benjamin.Tomlinson@act.gov.au>

Sent: Thursday, 31 August 2023 10:13 AM

To: Khan, FaheemK <FaheemK.Khan@act.gov.au>

Cc: Cook, Michael <Michael.Cook@act.gov.au>

Subject: RE: GP Payroll Tax Statement

Hi FK

Edits and a couple of queries attached.

B

From: Khan, FaheemK <FaheemK.Khan@act.gov.au>

Sent: Thursday, 31 August 2023 8:21 AM

To: Tomlinson, Benjamin <Benjamin.Tomlinson@act.gov.au>

Cc: Cook, Michael <Michael.Cook@act.gov.au>

Subject: GP Payroll Tax Statement

Importance: High

Ben

For RSS consideration – as flagged yesterday, updated to provide further context and supporting rationale.

The intent is not to stand and speak to the tabling statement – pending Greens.

Faheem

From: "Khan, FaheemK" <FaheemK.Khan@act.gov.au>
Sent: 31/08/2023 8:22 AM
To: "Salisbury, Kim" <Kim.Salisbury@act.gov.au>
Cc: "Miners, Stephen" <Stephen.Miners@act.gov.au>; "Hocking, Stuart" <Stuart.Hocking@act.gov.au>; "Ellis, David" <David.Ellis@act.gov.au>
Subject: RE: payroll tax GPs Att B - Government Response - 30Aug final
Attachments: Att B - Government Response - 30Aug final - track.docx

UNOFFICIAL

FYI Edits so far in track.

Currently with RSS. Can we absolutely confirm the first sentence? Higher source of revenue when you combine all S+Ts than resources taxes? Conveyance duties?

Faheem Khan

From: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Sent: Thursday, 31 August 2023 6:53 AM
To: Salisbury, Kim <Kim.Salisbury@act.gov.au>
Cc: Miners, Stephen <Stephen.Miners@act.gov.au>; Hocking, Stuart <Stuart.Hocking@act.gov.au>; Ellis, David <David.Ellis@act.gov.au>
Subject: Re: payroll tax GPs Att B - Government Response - 30Aug final

Disregard - works on my laptop. Wouldn't open on iPad.

Get [Outlook for iOS](#)

From: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Sent: Thursday, August 31, 2023 6:47:45 AM
To: Salisbury, Kim <Kim.Salisbury@act.gov.au>
Cc: Miners, Stephen <Stephen.Miners@act.gov.au>; Hocking, Stuart <Stuart.Hocking@act.gov.au>; Ellis, David <David.Ellis@act.gov.au>
Subject: Re: payroll tax GPs Att B - Government Response - 30Aug final

Thanks Kim. The attachment won't open for me? Says the file can't be loaded...

Get [Outlook for iOS](#)

From: Salisbury, Kim <Kim.Salisbury@act.gov.au>
Sent: Wednesday, August 30, 2023 10:30:35 PM
To: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Cc: Miners, Stephen <Stephen.Miners@act.gov.au>; Hocking, Stuart <Stuart.Hocking@act.gov.au>; Ellis, David <David.Ellis@act.gov.au>
Subject: payroll tax GPs Att B - Government Response - 30Aug final

UNOFFICIAL

Faheem revised cleared up the line.

Kim

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

Payroll tax is the single largest source of revenue for State and Territory governments. In the ACT, it is forecast to raise \$806 million in 2023-24 or approximately 30 per cent of own-source taxation revenue. This revenue is used to fund essential services to the Canberra community.

In the ACT, payroll tax is levied on Australia-wide wages above the threshold of \$2 million per year at a rate of 6.85 per cent. At \$2 million, the ACT has the highest tax-free threshold of any state or territory, meaning that very few small and medium sized businesses in the Territory are liable for payroll tax.

Unless a specific exemption applies, such as for certain charities, payroll tax applies equally to all non-government businesses and industries in the ACT.

Payroll tax applies to a broad range of remuneration to ensure that there are no incentives to structure payment arrangements to minimise or avoid tax. This includes fringe benefits, superannuation, employee share schemes, payments to directors and payments under contracts.

Payments to contractors are liable for payroll tax unless an exemption applies. The contractor provisions are harmonised with other states and territories.

The contractor provisions are not new, and there have been no recent changes to these provisions. They apply to all businesses that engage in contractor arrangements and are otherwise liable for payroll tax. The Government has not introduced a new tax on medical practices, and medical centres are treated the same way as any other commercial businesses operating in the ACT for payroll tax purposes.

The application of payroll tax to a healthcare centre business has received increased attention ~~in recent years~~ more recently. But the court decisions have not resulted in a change in the interpretation of the law. In particular, the principle that a healthcare practitioner can provide services to the healthcare centre has been upheld by courts in multiple recent cases, including the NSW 2023 Court of Appeal decision in Thomas and Naaz Pty Ltd.

This means that a contract between a healthcare centre business and a practitioner is a relevant contract and therefore liable for payroll tax if all of the following apply:

- a) the practitioner carries on a business or practice of providing medical-related services to patients;
- b) in the course of conducting its business, the medical centre:
 - i. provides members of the public with access to medical-related services; and

- ii. engages a practitioner to supply services to the medical centre by serving patients on its behalf;

The provisions apply equally to all entities including corporate healthcare providers.

Around 70 GP medical practices have been identified in the ACT, with currently less than ten of these registered and paying payroll tax. There are a range of practice types, including large corporate groups, in some cases operating from multiple sites, and practices of varying size.

Large practices with many doctors, nurses and administration staff, and those that are grouped together by factors such as common ownership or control, are most likely to have a payroll tax liability given the ACT having the highest tax free threshold in Australia.

The view of this-the Government is that substantial corporate businesses should pay payroll tax and make a contribution to the provision of government services. This similarly applies to businesses in all sectors of the economy.

The Government notes that the application of payroll tax means that \$6,850 would be raised per \$100,000 of payroll above \$2 million. By way of example:

Payroll of \$2 million: \$0 in payroll tax

Payroll of \$2.5 million: \$34,250 per annum in payroll tax

Payroll of \$3 million: \$68,500 per annum in payroll tax

While the contractor provisions are not new, and the provisions are harmonised with most other states and territories, the Government acknowledges that there appears to be a 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.

As a result, the Government has decided to provide significant concessions to medical practices which are not available to any other businesses which are liable for payroll tax. This includes a waiver of any retrospective unpaid payroll tax liabilities and an amnesty for the next two years for those medical practices that offer affordable GP services.

Specifically:

- the ACT Government will waive any payroll tax liabilities up until 30 June 2023 for GP medical practices which have not paid payroll tax on payments to contracted GPs. This waiver will ensure general practice medical businesses are not subject to retrospective assessments for which they have not planned. Medical practices will automatically receive this exemption and do not need to apply for it.
- To provide further time for general practices that support the community with reasonable levels of bulk billing to review their taxation arrangements, the government is offering a further two-year payroll tax amnesty on GP contractor

payments. This will allow GP practices time to seek advice and implement necessary changes to ensure future payroll tax compliance. This amnesty will be available on GP contractor payments until 30 June 2025 for medical centres that:

- are bulk billing 65 per cent of all patient services; and
- have registered for MyMedicare;

The two-year amnesty is available to all medical practices that meet the bulk billing threshold, irrespective of whether they had previously paid payroll tax on payments to contracted GPs or not. It also includes GP clinics which begin operations between now and 30 June 2025. In these respects, the ACT exemption goes further than temporary amnesties announced in other States which are restricted to medical practices which previously had not been paying tax they were liable to pay on payments to contracted GPs, and were in operation at the time the amnesties were announced.

By assisting GP practices that are supporting the community with significant levels of bulk billing, the ACT Government is seeking to enhance access to primary healthcare and relieve cost-of-living pressures.

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. In the June quarter of the last financial year, 30 of the 31 primary health networks across Australia bulk billed more than 70 per cent of consultations. The only jurisdiction not over 70 per cent was the ACT at 56 per cent.

[Higher levels of bulk billing in the ACT will support cost of living pressures for households and families seeking to access primary health care.](#)

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 guidance and a revenue circular on the application of payroll tax to medical practices.

The ACT Health Directorate also 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, and testing new mechanisms to support care to ACT residents who have complex medical needs through the Commonwealth-funded Primary Care pilot.

[The ACT Government, through the National Cabinet, has endorsed the Commonwealth's substantial package of Strengthening Medicare measures that will deliver the highest priority investments in primary care.](#)

[These measures are in line with the recommendations of the Strengthening Medicare Taskforce and will build the foundations of reform to primary care in Australia.](#)

[The interconnected nature of the health system means that investments to improve access to primary care will flow reduce demand on our hospital system, by preventing the need for tertiary care and diverting people to the most appropriate setting for care.](#)

The National Cabinet endorsed reforms support health practitioners to work to their full scope of practice. The Commonwealth and Territory Governments will undertake a scope of practice review that examines barriers and incentives for all professionals to work to their full scope of practice to ensure that our health workforce is able to meet community needs.

The Commonwealth Government is providing additional funding to after-hours services and improving collaboration across primary care providers. New programs will increase access to services for culturally and linguistically diverse Australians and people experiencing homelessness, and encourage access to services through Healthdirect. This will benefit patients by supporting access to care, as well as primary care providers and hospitals, by improving pathways to primary care and reducing demand on emergency departments.

National Cabinet also supported the establishment MyMedicare to support patients registered with their regular general practice and care team through new blended payment models. MyMedicare is a voluntary patient registration scheme that will improve continuity of care and provide funding packages for new models of patient-centred care. As part of MyMedicare, the Commonwealth Government will also introduce new funding packages for wrap around care in the community for people with chronic disease who are frequent hospital users, and a new General Practice in Aged Care Incentive to improve access to general practitioners in residential aged care homes.

The Commonwealth Government will increase funding for multidisciplinary team based care in General Practices through increases to the Workforce Incentives Program – Practice Stream and through Primary Health Networks to commission multi-disciplinary care teams. Well executed team-based, multidisciplinary care offers a higher quality of care, resulting in better health outcomes.

We believe the relief being provided to GP clinics is a proactive step in our commitment to refining policies that impact all Canberrans, including their access to affordable healthcare. The ACT Government believes the support being provided to GP clinics through the National Cabinet reforms improves access to affordable healthcare. We are ensuring that medical practices have ample time to adapt 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.

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

From: "STEEL" <STEEL@act.gov.au>
Sent: 01/09/2023 10:01 AM
To: "BARR" <BARR@act.gov.au>
Subject: REFERRAL: Question to the minister for Murrumbidgee regarding payroll tax for independent GP contractors
Categories: Faheem;Awaiting information

Hi Rhys

One for you.

Thanks
James

From: [REDACTED]
Sent: Thursday, 31 August 2023 7:03 PM
To: STEEL <STEEL@act.gov.au>
Subject: Question to the minister for Murrumbidgee regarding payroll tax for independent GP contractors

You don't often get email from [REDACTED] [Learn why this is important](#)

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](#)

Dear
Minister
Steele

I would like to understand from you, in your role as my elected representative from the division of Murrumbidgee, why independent contractor GPs are considered employees for the purposes of payroll tax?

[REDACTED] – I receive no annual leave, no sick leave, no superannuation, no long-service leave, and pay tax via PAYG instalments. I have quite literally not had [REDACTED] because I am independently responsible for the care of my patients. [REDACTED]

[REDACTED] Then I need to put money aside for superannuation and PAYG tax. [REDACTED] GPs just do not earn as much as is being implied. I would have been financially better off staying in middle management in the public service, with all the benefits that entails, and significantly less responsibility.

I understand why a General Practice itself is subject to payroll tax for employees. But not for contractors.

I am genuinely concerned about the impact of this on patient care. It will inevitably lead to an increase in patient fees, as – like everyone else – we are subject to cost of living pressures.

[REDACTED] Honestly, it seems that the ACT government is determined to undermine and destroy primary care.

I would appreciate your response to my concerns.

Kind regards,
[REDACTED]

From: "Salisbury, Kim" <Kim.Salisbury@act.gov.au>
Sent: 04/09/2023 7:41 AM
To: "Ellis, David" <David.Ellis@act.gov.au>; "Amalos, Paul" <Paul.Amalos@act.gov.au>
Subject: FW: follow-on from yesterday
Attachments: Relevant Contracts - Medical Centres - for consult.docx, Web Content - Amnesty for Medical Practices with Contracted General Practitioners (for consult).docx

UNOFFICIAL

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: Saturday, 2 September 2023 9:09 AM
To: execofficer@ama-act.com.au; [REDACTED]
Subject: follow-on from yesterday

UNOFFICIAL

Hi [REDACTED] as discussed Friday, I'm circulating for your feedback, the proposed web content and revenue circular. The documents would benefit from your comments on anything that is not clear or needs greater clarification.

Any thoughts you have would be appreciated by mid-next week so we can have this information out later in the week. Happy to take feedback via email or a quick call (my number is [REDACTED])

Naturally, this is under embargo and I ask that you do not share or discuss with anyone who did not attend our meeting.

I note that:

- the style and content of the circular follows that of other states as we are trying to make these standardised across all jurisdictions.
- Circular example 3.1 (providing services to the public generally) was one of the issue we discussed today ([REDACTED] raised)
- The web content invites GP practices to engage with the Revenue Office (extending the invitation I made today)
- If helpful, at some point we can run a technical payroll tax workshop for practice managers.

Thank you

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

REVENUE CIRCULAR PTA041
Relevant Contracts – Medical Centres – <i>Payroll Tax Act 2011</i>
Issue Date:
Status: Current – Effective 1 July 2018
Previous Circular:

Preamble

1. The *Payroll Tax Act 2011* (the Act), which commenced on 1 July 2011, replaced the *Payroll Tax Act 1987* (the 1987 Act) and harmonised the payroll tax legislation in the Australian jurisdictions.
2. This revenue circular has been issued to provide guidance to medical centre businesses and reflects the position of ACT Revenue Office. This circular should not be interpreted as a change in position or interpretation.
3. A contract between a principal and a contractor may be a ‘relevant contract’ under the contractor provisions in Division 3.7 of Part 3 of the Act.
4. If the contract is a relevant contract, the principal who engages the contractor is deemed to be an employer (section 33 of the Act), the contractor is deemed to be an employee (section 34 of the Act) and payments made under the contract for the performance of work are deemed to be wages (section 35 of the Act). Deemed wages are wages (section 13 (d) of the Act) and are taxable in the Australian Capital Territory if they meet the nexus provisions under section 11 of the Act. Taxable wages are subject to payroll tax (section 6 of the Act).

Purpose of circular

5. The purpose of this circular is to explain the application of the relevant contract provisions in the Act to an entity that conducts a medical centre business (referred to as a ‘medical centre’), including dental clinics, physiotherapy practices, radiology centres and similar healthcare providers who contract with medical, dental and other health practitioners or their entities (‘practitioners’) to provide patients with access to the services of practitioners.
6. This circular incorporates the decisions in *Thomas and Naaz Pty Ltd v Chief Commissioner of State Revenue* [2023] NSWCA 40 (“the Thomas and Naaz case”) and the *Commissioner of State Revenue (Vic) v The Optical Superstore Pty Ltd* [2019] VSCA 197 (“the Optical Superstore case”), which considered the application of the relevant contractor provisions in the context of arrangements between medical and optometry centres and practitioners.

Circular

Liability for payroll tax

7. Part 2 of the Act imposes liability for payroll tax. Whether there is a payroll tax liability will depend on the particular facts and circumstances of each matter.
8. Generally, payroll tax is payable by employers on all taxable wages paid to a common law employee (Part 2 Division 2.1 of the Act).
9. Where there is no common law employer-employee relationship, liability for payroll tax will arise if it is established amounts are paid under a relevant contract to a contractor (Part 3 Division 3.7 of the Act).
10. Where there is no common law employer-employee relationship or no relevant contract involving a contractor, liability may still arise if it is established amounts are paid under a 'employment agency contract' to a service provider (Part 3 Division 3.8 of the Act).
11. If liability for payroll tax arises due to the operation of Part 3 Division 3.7 or 3.8 of the Act, there are deeming provisions that apply to bring contractors and employment agents within the operation of Part 3 Division 3.1 of the Act.
12. Under Part 2 Division 2.1 of the Act, employers are liable to payroll tax on wages paid by common law employers to employees. The definition of 'wages' includes amounts paid 'to a person who is not an employee in the same way as it applies to wages paid or payable to an employee'. The term 'employee' is not defined in the Act, therefore common law employment tests apply to determine whether a worker is an employee. For further details refer to Revenue Circular PTA038 *Determining whether a worker is an employee*.
13. In many cases, the common law employer tests can be difficult for businesses to apply to accurately assess their liability when they engage contractors. Further, it was recognised the increasing use of contractor arrangements to convert common law employees to contractor arrangements provided increased opportunities for revenue avoidance. As a result, the Act includes contractor provisions (Part 3 Division 3.7).
14. Consequently, the definition of 'wages' also includes an amount taken to be wages under another provision of the Act. Therefore, in addition to wages paid to a common law employee under Division 2.1, Division 3.7 makes payments to contractors providing services under a relevant contract liable to payroll tax unless one or more exemptions in Division 3.7 apply. The Division 3.7 exemptions are designed to exclude payments to certain contractors.
15. This has the result that if the contract is a relevant contract, the principal is deemed to be an employer, the contractor is deemed to be an employee and payments made under the contract for the performance of work are deemed to be wages unless an exemption applies.

Application of relevant contract provisions to a medical centre

16. A contract between an entity that conducts a medical centre, and a practitioner is a relevant contract under section 32 of the Act if all the following apply:

- a. the practitioner carries on a business or practice of providing medical-related services to patients;
 - b. in the course of conducting its business, the medical centre:
 - i. provides members of the public with access to medical-related services; and
 - ii. engages a practitioner to supply services to the medical centre by serving patients on its behalf; and
 - c. an exemption under section 32(2) of the Act does not apply.
17. Under section 31 of the Act, 'contract' includes an agreement, arrangement or undertaking, whether formal or informal and whether express or implied.
18. If a medical centre engages a practitioner to practise from its medical centre or holds out to the public that it provides patients with access to medical services of a practitioner, it is likely the relevant contract provisions will apply to the contract with the practitioner unless an exception (that is an exemption) applies.
19. A practitioner engaged by a medical centre to serve patients for or on behalf of the medical centre under a relevant contract supplies services to the medical centre as well as to patients (See *The Optical Superstore Pty Ltd v Commissioner of State Revenue* [2018] VCAT 169 at [82]-[85]).

Separate business conducted by medical centres and practitioners

20. Under a relevant contract, the medical centre and each practitioner engaged by the medical centre conducts separate but related businesses (see, for example, *Commissioner of Taxation v Healius Ltd* [2020] FCAFC 173 at 32). The medical centre provides patients with access to medical services provided by practitioners. The medical centre also provides services and facilities to the practitioners and patients by attracting patients, advertising the services offered by practitioners, managing the services provided to patients including arranging appointments and billing patients either directly or by bulkbilling Medicare, and maintaining patient records.
21. Practitioners have professional responsibility for the medical care and advice they provide to patients. The services provided by practitioners are provided during their own business. However, the medical centre has operational or administrative control over the practitioners if it is able to influence matters such as who practices at the centre, the hours and days when they practice, and the space within the centre where that occurs.

When is a contract a relevant contract?

22. A contract is a relevant contract under section 32(1) of the Act if it provides for the supply of services 'in relation to the performance of work' by one party for or on behalf of the other party unless one of the exemptions in section 32(2) of the Act applies. The reference to services 'in relation to the performance of work' is satisfied if the services performed under the contract are work-related.
23. The requirement that a practitioner supplies services to a medical centre is satisfied if the practitioner serves patients for or on behalf of the medical centre. This principle has been endorsed by the High Court in *Accident Compensation Commission v Odco Pty Ltd* [1990] HCA 43; (1990) 95 ALR 641 at 652 (paragraph 30) concerning similar Victorian legislation regulating workers' compensation. This principle has also been applied by courts¹ and tribunals in a range of industries including cases involving medical centres.

24. The matters generally dealt with in a contract between a practitioner and a medical centre are listed in Attachment 1. However, each contract must be considered individually on a case-by-case basis to determine whether it is a relevant contract. If the contract provides, either expressly or by implication, that a practitioner is engaged to supply work-related services to the medical centre by serving patients for or on behalf of the medical centre, the contract is a relevant contract under section 32(1) of the Act.

Example 1: supply of services for or in relation to work by practitioners

ABC Pty Ltd (“ABC”) operates a medical centre that provides patients with access to a range of medical services performed by qualified practitioners who are engaged by ABC to service patients of ABC.

A patient who consults a practitioner engaged by a medical centre to serve patients of the medical centre is considered to be a customer of both the medical centre and the practitioner.

Practitioners are engaged by ABC to provide their services to the medical centre by serving patients of the medical centre in accordance with the terms of individual contracts. The contracts also require ABC to provide practitioners a consultation room for patients, manage appointments, maintain patient contact information and medical records, collect fees from patients and pay practitioners a share of revenue.

Each contract between ABC and a practitioner satisfies the requirement to supply services ‘in relation to the performance of work’ under section 32(1) of the Act because practitioners are required to serve patients for or on behalf of ABC.

The elements of a relevant contract under section 32(1) are satisfied because the services are supplied by each practitioner ‘in the course of a business’ and are supplied ‘in relation to the performance of work’ by the practitioner.

Recent decisions

25. The terms and conditions of contracts held to be relevant contracts under equivalent provisions to section 32(1) of the Act in two recent decisions are summarised below:

The Optical Superstore (TOS) case

26. In the Optical Superstore case, the Victorian Civil and Administrative Tribunal concluded that contracts between TOS and optometrists—or companies or trusts associated with optometrists (‘optometrist entities’)—were relevant contracts under the equivalent provision to section 32(1) (at [53]). The Tribunal concluded as follows:

- a. TOS was supplied with the services of optometrists for or in relation to the performance of work.
- b. The optometrist entities ensured the attendance of optometrists at agreed locations and times, and the optometrists provided optometry services to TOS customers.
- c. The arrangements also benefitted TOS by potentially leading to increased sales of frames, lenses and other optometry products.
- d. The services of the optometrists were provided to TOS as well as to the patients.
- e. The contracts were not tenancies because the optometrists did not have rights to exclusive occupancy and were more consistent with a contracting arrangement.

27. The Tribunal's decision that some contracts between TOS and optometrist entities were relevant contracts was not challenged by TOS in appeals by the Victorian Commissioner of State Revenue to the Victorian Supreme Court in *Commissioner of State Revenue (Vic) v The Optical Superstore Pty Ltd* [2018] VSC 524, or to the Victorian Court of Appeal in *Commissioner of State Revenue (Vic) v The Optical Superstore Pty Ltd* [2019] VSCA 197, which upheld the Commissioner's assessments.

The Thomas and Naaz Case

28. In the Thomas and Naaz case, the NSW Civil and Administrative Tribunal (NCAT) concluded the typical agreement entered between Thomas and Naaz Pty Ltd (Thomas and Naaz), being the entity that conducted the medical centres, and various doctors was a relevant contract under the equivalent provision to section 32(1) (at [41]). The Tribunal determined as follows:

- a. The terms of the agreement indicate the doctors agreed to (at [38]):
 - i. provide services on a five day per week basis, including weekend rosters.
 - ii. provide advance notice and obtain approval of vacations limited to four weeks per annum.
 - iii. promote the interests of Thomas and Naaz, including not channelling patients away from its business.
 - iv. abide by Thomas and Naaz's operating protocols and complete all necessary documentation.
 - v. comply with a restrictive covenant for two years after the doctor departs from the medical practice owned by Thomas and Naaz.
- b. The terms of the agreement secured the provision of the services provided by the doctors to the patients of Thomas and Naaz's medical centres. Where such services were a necessary part of Thomas and Naaz's business, doctors provided their services to the medical centre as well as to patients (at [39]).
- c. The services provided by the doctors were provided for or in relation to the performance of work, and the services supplied were work-related (at [40]).

29. In an appeal by Thomas and Naaz to the Appeal Panel of NCAT in *Thomas and Naaz Pty Ltd (ACN 101 491 703) v Chief Commissioner of State Revenue [2022] NSWCATAP 220*, Thomas and Naaz argued the Tribunal made an error of law by finding that the doctors provided their services to Thomas and Naaz as well as patients, and by concluding there was a relevant contract. The Appeal Panel rejected these grounds, deciding they were findings of fact and did not raise questions of law. Although these decisions were not reviewed, the Appeal Panel noted the Tribunal's approach was entirely orthodox and in accordance with binding authority.

Engaging a practitioner from practitioner's entity

30. In some cases, a practitioner's services may be obtained under a contract between a medical centre and a related entity (such as a company) established by the practitioner (practitioner's entity). A practitioner may be engaged by the practitioner's entity either as a contractor or as an employee.

Example 2: Supply of practitioner's services using a company

Federico is a practitioner employed by F Pty Ltd ("F Co"), which is the trustee of the Federico Family Trust.

ABC Pty Ltd ("ABC") enters into a contract with F Co under which F Co is to supply healthcare services at the medical centre conducted by ABC. F Co engages Federico to work as a practitioner at ABC's medical centre.

F Co, in the course of its business, supplies the services of Federico to ABC, and the services are supplied 'in relation to the performance of work.'

Exemptions from relevant contract provisions under Section 32(2) of the Act

31. If an exemption applies under section 32(2) of the Act, no payroll tax liability under the relevant contract provisions arises.
32. Under section 32(2) of the Act, the exemption more likely to apply to a contract between a medical centre and a practitioner is where the practitioner provides services to the public generally—section 32(2)(b)(ii) of the Act.
33. When claiming an exemption, a medical centre must be able to substantiate the exemption with sufficient evidence.

Providing services to the public generally—Section 32(2)(b)(ii)

34. A contract between a medical centre and a practitioner is not a relevant contract in relation to a financial year if the Commissioner is satisfied the practitioner who provided the services under the contract ordinarily performs services of that kind to the public generally in that financial year. Prior to claiming this exemption, the principal (medical centre) is required to apply to the Commissioner for a determination (unless using the 10 days or less per month method). The exemption is explained in Revenue Circular PTA021.1 *Exemption for Contractors Ordinarily Perform Services to the Public*.
35. To qualify for the exemption, the practitioner must provide services of the same kind to other principals, such as other medical centres or hospitals. The provision of services to patients for or on behalf of a single medical centre may not satisfy the requirement that services are provided to the public generally (see, for example, the Thomas and Naaz case). If a practitioner practises at multiple medical centres but those centres are members of the same group for payroll tax purposes, the medical centre may not be entitled to the exemption (see Revenue Circular PTA021.1).

Example 3: Providing services to the public generally**Example 3.1**

ABC Pty Ltd ("ABC") operates ABC Medical Centre and engages Dr Taylor under a contract to serve patients at the medical centre. Dr Taylor also provides similar medical services to a range of other principals including medical centres and hospitals during the financial year. Dr Taylor performs work under separate contracts with these principals concurrently during the financial year. The contract between ABC and Dr Taylor is not a relevant contract.

Example 3.2

ABC engages Dr Sou under a contract to provide medical services to patients at its medical centre for 5 days a week on a full-time basis. Dr Sou is also engaged by Top Care Pty Ltd (Top

Care) to provide similar health care services after hours on an ad-hoc basis to Top Care’s patients at their home. Under the contract with Top Care, Dr Sou generally spends 1–2 hours per week serving Top Care’s patients, due to restrictions under Dr Sou’s contract with ABC. The contract for medical services between ABC and Dr Sou is unlikely to be exempt.

Example 3.3

ABC engages Dr Joan to provide medical services to patients at its medical centre and see patients on 3 days per week. Dr Joan is also contracted to provide medical services on 2 days each week to patients of the ABC Private Hospital. ABC Medical Centre and ABC Private Hospital are grouped for payroll tax purposes. Therefore, the 2 ABC entities should seek determinations before treating the contract with ABC Private Hospital as exempt under the 10 days or less per month method.

Who is the employer under Section 33?

36. Section 33(1) of the Act deems the employer under a relevant contract to be the person:
 - a. who supplies services to another person; or
 - b. to whom the services of persons are supplied in relation to the performance of work.
37. Section 33(1)(c) of the Act applies to a person who gives goods to individuals and is not generally applicable in relation to contracts involving medical centres.
38. If both subsections (a) and (b) under section 33(1) of the Act apply to a relevant contract, section 33(2) of the Act provides the person who is supplied with the services of another person is deemed to be the employer.
39. Applying section 33(1)(b) of the Act to a relevant contract between a medical centre and a practitioner, the medical centre is taken to be the employer because it receives the services of the practitioner who serves the patients. Those services are work-related because the practitioner performs work in the course of supplying the services. (See, for example: *Accident Compensation Commission v Odco Pty Ltd* [1990] HCA 43; (1990) 95 ALR 641 at 652 (paragraph 30); *The Optical Superstore Pty Ltd v Commissioner of State Revenue* [2018] VCAT 169 at [82].)

Example 4: Medical centre is taken to be an employer

ABC Pty Ltd (“ABC”) operates a medical centre and enters into relevant contracts with several practitioners to provide medical services to patients for or on behalf of ABC.

ABC is taken to be the employer under each relevant contract because it is supplied with the services of practitioners who serve the patients. In supplying services to patients, the practitioner supplies services to ABC in the form of work.

Who is the employee under Section 34?

40. Under section 34(a), a person who performs work in relation to which services are supplied to another person under a relevant contract is taken to be an employee.
41. Section 34(b) only applies to a relevant contract under which goods are resupplied.
42. Under a relevant contract between a medical centre and a practitioner, the practitioner, being the person who performs the work required under the contract, is taken to be the employee (see, for example: *The Optical Superstore Pty Ltd v Commissioner of State*

Revenue [2018] VCAT 169 at [82]; *Homefront Nursing Pty Ltd v Chief Commissioner of State Revenue* [2019] NSWCATAD 145 at [46]). If the relevant contract is between a medical centre and a practitioner's entity, and the practitioner's entity engages the practitioner to provide services under a separate contract with practitioner, the practitioner is taken to be an employee under section 34.

Example 5: Practitioner taken to be an employee

ABC Pty Ltd ("ABC") operates a medical centre and enters into a relevant contract with P Pty Ltd to obtain the services of Dr Peters who is engaged by P Pty Ltd to provide medical services to patients for or on behalf of ABC.

Dr Peters is taken to be an employee of ABC under section 34(a) because Dr Peters performs the work in relation to which medical services are supplied under the relevant contract.

Which payments are deemed wages under Section 35 of the Act?

43. Under section 35(1) of the Act, amounts paid or payable under a relevant contract by a medical centre (the deemed employer) are wages for payroll tax purposes if the payments are in relation to the performance of work relating to the relevant contract by the deemed employee.
44. The phrase 'in relation to work' requires either a 'direct' or 'indirect' relationship between the payment and the performance of work (see *Commissioner of State Revenue (Vic) v The Optical Superstore Pty Ltd* [2019] VSCA 197 at [65]). In *Thomas and Naaz* the Tribunal decided (at [67]–[68]) that there was such an 'indirect' relationship where the contractual relationship included the following characteristics:
 - a. the doctors provided the services to patients;
 - b. the patients assigned their medical benefits to the doctors;
 - c. *Thomas and Naaz*, on behalf of the doctors, submitted the assigned claims for the medical benefits to Medicare;
 - d. Medicare paid those benefits to *Thomas and Naaz*; and
 - e. *Thomas and Naaz* retained 30% of the amounts received from Medicare and paid the remaining 70% to the doctors as the payments.
45. It does not matter that payments to a practitioner are paid from money received by the medical centre on behalf of practitioners, whether from patient fees or Medicare payments, even if the practitioner is beneficially entitled to that money (see *Commissioner of State Revenue (Vic) v The Optical Superstore Pty Ltd* [2019] VSCA 197 at [67]). When the practitioner's entitlement is recognised and the money is paid or becomes payable, it constitutes wages for payroll tax purposes.

Example 6: Payments by a medical centre to practitioners taken to be wages

Under relevant contracts with practitioners, ABC Pty Ltd ("ABC")—which operates a medical centre—receives fees payable by patients, or Medicare rebates if bulk billing applies. All payments of fees and Medicare rebates are received by ABC and deposited in ABC's bank account.

Each practitioner is paid a specified percentage of the revenue attributed to the practitioner, including fees invoiced by medical centre staff and Medicare rebates received from bulk billing.

On the last working day of each month, each practitioner's share of receipts for the month are calculated and transferred to the practitioner's nominated bank accounts within 5 days. The amounts paid or payable to each practitioner under a relevant contract are taken to be 'wages' paid or payable by ABC.

46. If a practitioner's services are provided under a relevant contract between a medical centre and the practitioner's entity, and the practitioner is taken to be an employee of the medical centre, payments by the medical centre to the practitioner's entity that are in relation to the performance of work related to the relevant contract are taken to be wages.

Example 7: Payments by a medical centre to a practitioner's company taken to be wages

Under a relevant contract between ABC Pty Ltd ("ABC"), which operates a medical centre, and Fox Pty Ltd (Fox Co), ABC is deemed to be an employer and Dr Fox, whose services are provided under the contract, is taken to be an employee. ABC is required to pay 70% of the gross revenue generated by Dr Fox to Fox Co as a deemed employee of ABC.

The gross payments by ABC to Fox Co are taken to be wages paid by ABC.

The source of the funds used to pay the practitioner's company does not affect the classification of an amount as wages, even if the payment is made from money held in a trust account for the practitioner or the practitioner's entity (see *Commissioner of State Revenue (Vic) v The Optical Superstore Pty Ltd* [2019] VSCA 197 at [64]–[68]).

47. If a payment by a medical centre to a practitioner includes an amount that is not attributed to the performance of work, only the amount paid for the performance of work is subject to payroll tax. A payment for something other than the performance of work is not subject to payroll tax, but it must be substantiated with sufficient evidence that the practitioner is required to provide it under the contract. Reimbursement of general business expenses of the practitioner cannot be claimed as a deduction from payments by the medical centre that are taken to be wages under section 35(1) of the Act.

Third party payments taken to be wages under Section 46 of the Act

48. Under section 46 of the Act, 'third party payments' of money or other consideration may be taken to be wages paid or payable by an employer to an employee. This provision applies to a third-party payment under a relevant contract that would be wages if paid by an employer to an employee under the contract.
49. A person taken to be an employer under section 33 of the Act is taken to be an employer under section 46 of the Act, and a person taken to be an employee under section 34 of the Act is taken to be an employee under section 46 of the Act.
50. A third-party payment may consist of:
- a. a payment by a person other than a deemed employer to a deemed employee;
 - b. a payment by a deemed employer to a person other than a deemed employee;
 - c. a payment by a person other than a deemed employer to a person other than a deemed employee.

Example 8: Wages paid by a third party to a practitioner—Section 46 of the Act

ABC Pty Ltd ("ABC"), which operates a medical centre, enters into a contract with Dr Wolf who agrees to serve patients for or on behalf of ABC. The contract is a relevant contract under section 32(1) and none of the exemptions under section 32(2) of the Act apply.

ABC is taken to be an employer under section 33 of the Act. Dr Wolf is taken to be an employee under section 34(a).

The contract provides patient fees including bulk billed Medicare rebates are to be assigned to Dr Wolf. At the end of each month Dr Wolf is required to pay 30% of the revenue to ABC.

Under section 46 of the Act, the payments to Dr Wolf are taken to be wages paid by ABC to Dr Wolf because the payments are remuneration for the services of Dr Wolf that would have been wages if they had been paid or payable by ABC (a person taken to be an employer) to Dr Wolf (a person taken to be an employee).

Other Matters

Tenancy contract that is not a relevant contract.

51. Under a tenancy contract, a landlord (who may be a sub-lessor) by lease or licence provides a practitioner with use of a suite or space in, for example, a building from which the practitioner conducts their own independent medical practice. The tenancy contract will reference the specific space being leased or licensed and generally includes provisions for fit-out and alterations to accommodate the practitioner's requirements and services such as building maintenance and signage for the practitioner's operating hours.
52. A tenancy contract is not a relevant contract if the practitioner does not supply work-related services to patients for or on behalf of the landlord. In these circumstances, the practitioner must operate their own independent medical practice responsible for such matters as advertising and attracting patients, providing medical services to their own patients (that is, not for or on behalf of anyone else), managing patient appointments and records and directly submitting claims for medical benefits to Medicare; with Medicare paying those benefits to the practitioner (or the practitioner's entity).
53. If a tenancy contract refers to a medical centre as a 'landlord' and the practitioner as a 'tenant', but in substance the practitioner is providing medical services for or on behalf of the medical centre to its patients, the tenancy contract is more likely to be a relevant contract.

Example 9: Tenancy contract not a relevant contract

A practitioner enters a tenancy contract with DEF Pty Ltd ("DEF CO") for the lease of specific premises comprising a consultation room, waiting room and administration office (suite). DEF Co's only business activity is leasing the suite. The practitioner conducts a medical practice from the suite by hiring administration staff to manage patient and Medicare matters, and providing medical services to patients who make appointments to see the practitioner. The 'tenancy contract' is not a relevant contract.

Example 10 – Tenancy contract is a relevant contract

A practitioner enters a tenancy contract with ABC Pty Ltd ("ABC"), which operates multiple medical centres. Under the tenancy contract, the practitioner is referred to as the 'tenant' and the medical centre the 'landlord'. The tenancy contract does not refer to the lease, being the grant of exclusive possession, of any specific location or physical space, but provides that the practitioner as 'tenant' is to work at the various medical centres operated by ABC as required. The terms of the 'tenancy contract' secures the provision of medical services provided by the practitioner to the patients of ABC. The tenancy contract is a relevant contract because ABC, in

the course of operating its medical centres, has supplied to it the services of the practitioner in relation to the performance of work.

A contract with an administration entity may be a relevant contract

54. Multiple medical practices conducted by individual practitioners may operate from the same premises and use the same entity that provides administration and support services (administration entity) to practitioners. A contract with the administration entity may be a relevant contract depending on the terms and conditions of each contract. In some cases, a contract may be a relevant contract under section 32(1) of the Act, but an exemption may apply under section 32(2) of the Act. The terms and conditions of each contract must be considered on a case-by-case basis having regard to ‘When is a contract a relevant contract?’ above.

Grouping of practitioners and administration entities

55. An entity that provides administration services only to practitioners may be grouped with practitioners or the practitioners’ entity under Part 5 of the Act Revenue Circular PTA017 *Grouping of professional practices and administration businesses* explains the application of the grouping provisions to professional practices and service entities.

Reference to practitioner being ‘principal’ not determinative.

56. A contract between a medical centre and a practitioner may state the practitioner is the principal, and/or the medical centre only provides administrative services to the practitioner. Such clauses do not prevent the application of the relevant contract provisions if the medical centre is able to exercise operational or administrative control over the services provided to patients or is able to exercise operational or administrative control over a practitioner to influence decisions about who practises at the centre, when they practise, and the space within the centre where that occurs. The manner in which the parties describe or label their relationship in a contract cannot change the character of the relationship established by their rights and obligations.³

Medicare Provider Number (MPN)

57. A practitioner, being an eligible health professional, must apply for a unique Medicare provider number (MPN) to provide services listed under the Medical Benefits Schedule (MBS) and, where eligible, refer patients to relevant specialists and/or consultant physicians and request certain imaging and pathology services. Further, an MPN is required to access and claim Medicare services and benefits. Only an eligible health professional, being a natural person, can be granted an MPN meaning the medical services under the MBS are provided by a practitioner to a patient.

58. The MPN requirement does not alter the outcome that, under a relevant contract, where a practitioner is engaged by a medical centre to serve patients for or on behalf of the medical centre, the practitioner is still providing medical services to the medical centre and to the patients, consistent with the principles determined in the Optical Superstore Case and the Thomas and Naaz Case.

Records Must be Kept for 5 Years

59. Medical centres must keep records that enable their tax liability under the Act to be properly assessed and must keep the records for a minimum of 5 years after the end of the financial year in which wages were paid or became payable (see Part 8 section 64 of the *Taxation Administration Act 1999*).
60. An employer who disputes the correctness of a payroll tax assessment in an objection to the Commissioner bears the onus of proving the assessment was incorrect on the balance of probabilities (see Part 10 of the *Taxation Administration Act 1999*).

SIGNED

Commissioner for ACT Revenue

DATE

Footnotes

1. See for example: *Levitch Design Associates Pty Ltd ATF Levco Unit Trust v Chief Commissioner of State Revenue* [2014] NSWCATAD 215 at [54]; *Freelance Global Ltd v Chief Commissioner of State Revenue* [2014] NSWSC 127 at [173]; *Bridges Financial Services Pty Ltd v Chief Commissioner of State Revenue* [2005] NSWSC 788 at [233]-[226].
2. See for example: *The Optical Superstore Pty Ltd v Commissioner of State Revenue* [2018] VCAT169 at [85]-[86]; *Homefront Nursing Pty Ltd v Chief Commissioner of State Revenue* [2019] NSWCATAD 145 discussed at [46]-[48]; *Thomas and Naaz Pty Ltd v Chief Commissioner of State Revenue* [2021] NSWCATAD 259 at [38]-[41].
3. See *Construction, Forestry, Maritime, Mining and Energy Union v Personnel Contracting Pty Ltd* [2022] 96 ALJR 89 at [63]-[66].

Attachment 1

Contracts between medical centres and practitioners

The contract between a medical centre and a practitioner or the entity through which their services are provided, generally deal with the following matters:

1. The medical centre and the practitioner agree that the practitioner will provide competent, professional medical services to patients.
2. The agreement can be terminated by either party by giving notice as specified in the contract.
3. The practitioner is engaged as a contractor, is solely responsible for medical advice or medical procedures, and must take out professional indemnity insurance at their own cost to cover malpractice.
4. Responsibilities of each party for controlling the manner in which services are provided.
5. Responsibilities of each party in the determination and payment of fees by patients, including decisions as to which patients may be bulk billed to Medicare, payments by the Department of Veterans' Affairs (DVA) and other specified fees and amounts paid or payable.
6. How patients' fees are shared between the medical centre and the practitioner or the entity through which the practitioner's services are obtained.
7. How Medicare and DVA benefits are to be assigned and shared by the medical centre and the practitioner.
8. Provision for the practitioner to periodically invoice the medical centre; or for the medical centre to invoice the practitioner or the entity through which the practitioner's services are provided.
9. Hours or days of attendance by the practitioner may be specified.
10. The practitioner's entitlement to take a leave of absence may be specified, including any requirement to seek approval from the medical centre or to ensure a minimum number of practitioners are available to service patients.
11. The practitioner may be required to provide the medical centre with specified information and documents, and to keep and maintain records required by law.
12. Ownership of, or access to records, including patient information may be specified.
13. There may be restrictions on copying or removing records from the medical centre.
14. The practitioner may be required to promote the interests and welfare of the medical centre.
15. The practitioner may be required to commit to provide a share of duties relating to after-hours calls, home visits and nursing home visits.

16. The medical centre agrees to provide the practitioner with administrative services, clerical and professional staff and facilities, plant and equipment necessary for the practitioner to provide medical services to patients.
17. The practitioner must ensure that they have a Medicare provider number and local medical officer status with DVA.
18. The medical centre does not provide medical services to patients, is not registered as a medical practitioner and does not have a Medicare provider number.

Amnesty for Medical Practices with Contracted General Practitioners

Payments made to contractors may be taxable if the arrangement is considered a relevant contract for payroll tax purposes. [Revenue Circular PTA041 – Relevant Contracts – Medical Centres](#) explains the application of the relevant contractor provisions under the *Payroll Tax Act 2011* to an entity that conducts a medical centre business.

On 26 August 2023, the ACT Government announced the following arrangements for general practitioners engaged by a medical practice under a relevant contract.

Historical liabilities to 30 June 2023

Medical practices are liable to pay payroll tax on payments made to contracted general practitioners (GPs) unless a contractor exemption applies. Given a potential lack of awareness of the payroll tax treatment of contractors among general practitioners, the ACT Government will waive any payroll tax liabilities up until 30 June 2023 for medical practices which have not paid payroll tax on payments to general practitioners. Medical practices which engage general practitioners under relevant contracts will automatically receive this exemption and do not need to apply for it.

Exemption for liabilities over 2023-24 and 2024-25

To support medical practices in the delivery of services to the community including bulk billing, the ACT 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;
- Register to receive the amnesty with the ACT Revenue Office by 29 February 2024.

Bulk billing requirement

Bulk billing is defined to mean where the 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).

The bulk billing requirement refers to 'GP non-referred attendances'¹. It will be determined by the total number of bulk billed attendances divided by the total number of attendances.

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. For payroll taxpayers operating at multiple locations, it will be determined by the combined totals at all locations.

For the 2023-24 financial year, the percentage will be calculated by reference to attendances over the six months from January to June 2024. For the 2024-25 financial year, the percentage will be calculated over the financial year as a whole. If a medical centre reaches the bulk billing target in some parts of either of these periods (January to June

¹ refer Quarterly Medicare Statistics reported by the Department of Health and Aged care - Medicare Benefits Schedule 'GP non-referred attendance data'.

2024; or 2024-25), but not over the period as a whole, they will be liable for payroll tax over the whole financial year.

Medical practices that register for the amnesty, and achieve the 65 per cent minimum level of bulk billing over the relevant period, will not be required to pay payroll tax on payments made to contracted general practitioners up until 30 June 2025. This will 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.

Other requirements

To be eligible for the amnesty, a medical practice must also register with the Commonwealth Government's MyMedicare program. This registration must occur within the financial year in which the amnesty is claimed.

The amnesty is limited to payments made to contracted general practitioners. For the purposes of the amnesty, a general practitioner is a doctor registered as a general practitioner with the Medical Board of Australia.

The amnesty is not available for payments to:

- contracted general practitioners where an exemption applies (because no payroll tax liability would arise if the payment is exempt)
- general practitioners who are common law employees
- other medical doctors or allied health professionals
- other types of contractors.

Practices liable for payroll tax in relation to administrative and support staff, must continue to lodge returns for those wages and will be assessed for payroll tax on those wages during the amnesty period.

Registrations for the amnesty

Medical practices wishing to apply for the amnesty must register with the ACT Revenue Office to be part of the amnesty by 29th of February 2024. Further information on how to register will be available on the ACT Revenue Office website shortly.

Once the registration period has closed, ACT Revenue Office will contact each registered medical practice with details about the requirements for the amnesty.

Medical centres which are not part of the amnesty

Medical business operating in the ACT which:

- engage a medical professional under a relevant contract; and
- make payments to employees and contractors under a relevant contract in excess of \$2 million in Australia-wide wages each year; and
- do not meet the requirements of the amnesty;

are required to register with the ACT Revenue Office for payroll tax. Information on how to register can be found here (insert link)

Medical centres with liabilities prior to the current financial year are encouraged to make a voluntary disclosure for these periods. This does not apply to payments to general practitioners under a relevant contract for the period prior to 30 June 2023. Once registered, the ACT Revenue Office will work with you to determine your prior year liabilities.

Medical business unsure about their payroll tax obligations should contact the ACT Revenue Office at (insert contact details). We will work with you to help you:

- determine if you need to register for payroll tax in the ACT;
- identify if you are eligible for any contractor exemptions; and
- explain your ongoing obligations.

Compliance activity

Medical practices operating in the ACT should take time to review their arrangements and ensure they comply with their obligations under the *Payroll Tax Act 2011*. All medical centres operating in the ACT may be subject to compliance activity, including those that register for the amnesty over 2023-24 and 2024-25.

Payroll tax on payments to contractors (including medical professionals)

Talking points:

- Payroll tax is a State and Territory tax on wages that employers pay employees. The tax is calculated based on the amount of wages you pay employees Australia-wide per month.
- Payroll tax is an important tax base for the Territory which funds services of benefit to the Canberra community.
- Payroll tax applies equally to all businesses and all industries in the ACT.
- Not all businesses have to pay payroll tax, however. For employers in the ACT, you have to pay it only if your total taxable wages, or the total taxable wages of the group of employers you belong to, exceed the payroll tax threshold.
- At \$2 million, the ACT has the highest tax free threshold of any state or territory, meaning that very few small and medium sized businesses in the Territory are liable for payroll tax.
- \$6,850 would be raised per \$100,000 of payroll above \$2 million.
- The inclusion of payments to contractors is a long standing feature of the payroll tax laws and there has been no change to those laws. There is no 'new interpretation' of the law.
- Providing an exemption from payroll tax for any particular group introduces inequities between taxpayers and encourage calls for further exemptions to other groups. This would erode the tax base and diminish the fiscal capacity of the Territory to deliver services.
- All taxpayers should be aware of their tax obligations and be complying with the law.
- However, 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 contracted general practitioners. This will ensure general practice medical businesses are not subject to retrospective assessments for which they have not planned.
- The government is providing a further temporary payroll tax amnesty until 30 June 2025. The amnesty will be available to GP clinics that:

Cleared as complete and accurate: 05/09/2023
Cleared for public release by: Executive Group Manager Ext:
Contact Officer name: Kim Salisbury Ext:70010
Lead Directorate: Chief Minister, Treasury and
Economic Development
TRIM Ref: CMTEDD2023/3956

QUESTION TIME BRIEF

- bulk bill at least 65 per cent of GP attendances in a financial year; and
- have registered for MyMedicare.
- The payroll tax amnesty available until 2025 demonstrates the government's commitment to general practice and to improving affordable health care in the Territory.
- 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 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.
- ~~Following a motion passed on 10 May 2023, the ACT Government will report back to the Assembly on the application of payroll tax to medical practices by the last sitting day of August 2023.~~
- Currently, only 10 GP healthcare centres are registered for payroll tax in the ACT.

Key Information

- Depending on individual facts and circumstances, businesses which engage contractors to provide services to the public can incur a payroll tax liability for payments made to the contractor.
- This can include payments to doctors operating at a medical centre business but depends on how the arrangements have been established.
- The application of payroll tax to medical professionals has been highlighted by recent court cases decided in favour of state revenue offices and by a circular issued by the Queensland Revenue Office. South Australia, New South Wales and Victoria have all issued similar circulars.
- A number of medical professional associations, including the Australian Medical Association and the Royal Australian College of General Practitioners, have called for a legislated payroll tax exemption for medical businesses. The Canberra Liberals have also called for an exemption.
- The Queensland government provided a payroll tax amnesty to June 2025 on payments to general practitioner contractors and South Australia has provided a similar amnesty to June 2024. NSW has paused audit activity and the application of penalties and interest for 12 months..
- All Revenue Offices across Australia have active compliance programs, targeting areas of tax avoidance.

Cleared as complete and accurate: 05/09/2023
Cleared for public release by: Executive Group Manager Ext:
Contact Officer name: Kim Salisbury Ext:70010
Lead Directorate: Chief Minister, Treasury and
Economic Development
TRIM Ref: CMTEDD2023/3956

From: "Treasury DLO" <TreasuryDLO@act.gov.au>
Sent: 05/09/2023 2:57 PM
To: "CMTEDD MLO" <CMTEDD.MLO@act.gov.au>
Cc: "Gardiner, Jodie" <Jodie.Gardiner@act.gov.au>
Subject: FW: ACTION/URGENT: Arrangements for payroll tax on medical practices
Attachments: Letter to Minister Barr re Arrangements for payroll tax on medical practices - 1 September 2023.pdf
Importance: High
Categories: Kaye

OFFICIAL: Sensitive

Hi MLO Team

New Ministerial please to put in TRIM for allocation to: ACTRO

Action required: CM Response

Timing: 8 September 2023

Additional comments: In the response could it please include some of the below content:

"Thank you for your letter dated 1 September 2023.

For your reference I have attached the Government Response ACT Legislative Assembly motion of 10 May 2023 Payroll tax exemption proposal – General Practices tabled in the Legislative Assembly last Thursday.

Throughout the consultation process the ACT Government and officials have remained available for discussion. We note that there have been unfortunate instances where those meetings have resulted in public reporting that did not reflect the discussions in those meetings – namely that ACT Revenue Office had been contacting GP clinics for backpay.

Nonetheless, we would be happy to organise a meeting with the ACT Revenue Commissioner and ACT Treasury if that would be of assistance.

Additionally Executive Chief of Staff – Michael Cook and myself are available for any immediate further discussions."

NOTE:

All briefing requiring a decision or assent by the Treasurer must be provided to the DLO no less than 5 business days before the critical date.

All correspondence is due to the CMO within 10 business days of this request. Where this timing cannot be met, advise the DLO ASAP and note that an interim email response must be drafted for the CMO to share with the correspondent within 5 business days of this request. This response should specify that the Directorate is considering this request, but it is more complex than would allow for a more timely reply to be provided. The interim response must specify an ETA for a final response on the part of the Minister, and approval for an extension beyond a 10-day turnaround should be sought from the relevant Deputy Under Treasurer.

For all correspondence, please include an email address for the recipient.

If this has been **allocated incorrectly**, or you **require input from another directorate**, please advise **ASAP**.

Regards
Kylie

Could you please have the Directorate develop a formal response to this letter from the RACGP with a quick turnaround please.

In the response could it please include some of the below content:

“Thank you for your letter dated 1 September 2023.

For your reference I have attached the Government Response ACT Legislative Assembly motion of 10 May 2023 Payroll tax exemption proposal – General Practices tabled in the Legislative Assembly last Thursday.

Throughout the consultation process the ACT Government and officials have remained available for discussion. We note that there have been unfortunate instances where those meetings have resulted in public reporting that did not reflect the discussions in those meetings – namely that ACT Revenue Office had been contacting GP clinics for backpay.

*Nonetheless, we would be happy to organise a meeting with the ACT Revenue Commissioner and ACT Treasury if that would be of assistance.
Additionally Executive Chief of Staff – Michael Cook and myself are available for any immediate further discussions.”*

Thanks,
Mark

Mark Seesink
Executive Officer | Office of Andrew Barr MLA
Chief Minister
ACT Legislative Assembly
Phone: 02 6205 0287 | Email: mark.seesink@act.gov.au



From: Naomi Levack-Payne <[REDACTED]>
Sent: Friday, September 1, 2023 2:11 PM
To: BARR <BARR@act.gov.au>
Cc: [REDACTED]
Subject: Re: Arrangements for payroll tax on medical practices

You don't often get email from [REDACTED] [Learn why this is important](#)

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](#)

Dear Chief
Minister
Barr,

Please see attached letter from The Royal Australian College of General Practitioners regarding arrangements for payroll tax on medical practices.

Yours sincerely,

[REDACTED]



RACGP

racgp.org.au

The Royal Australian College of General Practitioners Ltd
Eora / Cammeraygal / Guringai Country
Level 12, 1 Pacific Highway, North Sydney NSW 2060

The RACGP acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of the land and waterways in which we live and work. We recognise their continuing connection to land, water and culture and pay our respects to Elders past, present, and emerging.



Wonca 2023
26–29 October 2023 *Sydney, Australia*

[Register now](#)  **GP23**

IMPORTANT: This email and attachments are confidential and may be legally privileged. The RACGP does not waive its rights, or any privilege in the contents of this email. If you receive this email in error, please notify us and delete it. The contents of this email are of a general nature only, the RACGP accepts no liability for loss or damage incurred in connection with this email. Please email your queries including request to unsubscribe from the RACGP distribution list to itsupport@racgp.org.au.

1 September 2023

Chief Minister Andrew Barr
GPO Box 1020
Canberra ACT 2601
Via email: barr@act.gov.au

Dear Chief Minister Barr,

Re: Arrangements for payroll tax on medical practices

Further to our previous discussions regarding the concerns of general practitioners about the changed interpretation of payroll tax liabilities for independent general practitioners, on behalf of the Royal Australian College of General Practitioners (RACGP), we'd like to thank you for committing to payroll tax liabilities for medical practices that have not previously paid payroll tax on GP payments until 30 June 2023.

However, we also need to express our deep concern, and the extreme disappointment and anger of our members over your [recent comments](#) accusing general practitioners of a lack of ambition to bulk bill s and dismissing our concerns as 'wild accusations'.

The RACGP and Australian Medical Association (AMA), have consistently raised concerns about the proposed payroll tax. Our views and combined knowledge have always reflected a genuine concern for the financial stability of general practices and the affordability of healthcare services for the residents of the Australian Capital Territory (ACT).

The decision to link a payroll tax amnesty to bulk billing demonstrates a lack of understanding around how general practice operates.

Let us be very clear, general practices in the ACT, such as [REDACTED] have already closed because they were not financially sustainable. The placing payroll tax liabilities on independent GPs will make more practices financially unviable. This will lead to more practice closures and more people clogging your already overrun hospital emergency departments.

General practices have implemented private billing and mixed billing payment systems so they can cover the cost of running their practices which include the cost of paying payroll tax for nurses, administration staff, GPs in training etc. The best way to increase bulk billing rates is to reduce the cost of running a practice – not add to it. This is why we are asking for an amnesty for every practice irrespective of bulk billing rates.

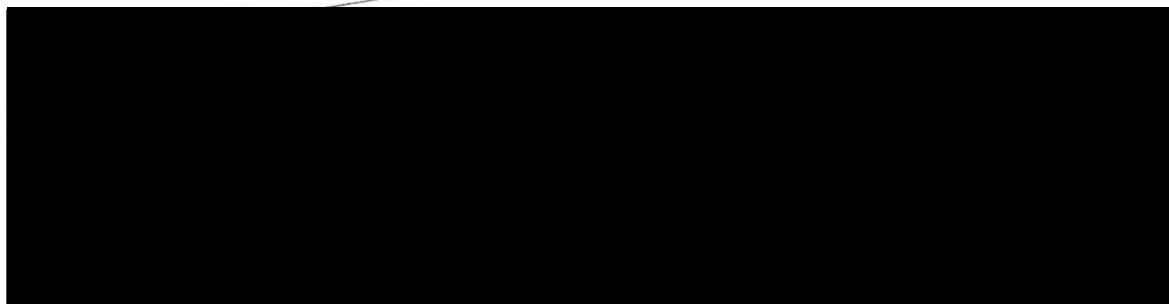
Your suggestion that payroll tax would not be the primary reason for a general practice to close overlooks the intricate financial balance that practices must already maintain to continue operating. The fact that some practices have already been forced to close due to financial constraints underscores the fragility of the situation. The government is setting general practices up for failure by creating an amnesty with limitations. These limitations will make general practice liable for independent practitioner to be deemed employees as per your '[relevant contract](#)' legislation relating to payroll tax under these arrangements.

The RACGP remain open and committed to negotiating a better way forward with the ACT Government. We urge you to take these concerns seriously and work collaboratively with us and the broader medical community to find a solution that ensures the sustainability of general medical practices, while also addressing the government's financial requirements. By engaging in open conversations and seeking input from various stakeholders, a balanced approach can be achieved and the accessibility of healthcare services to the public can be maintained.

With a doctor to patient ratio in the ACT of [REDACTED] the RACGP represent [REDACTED] members out of [REDACTED] registered general and specialist [practitioners](#) in your jurisdiction. We urgently request the government's immediate consideration of these concerns and the potential impact of the new interpretation of payroll tax on independent practitioners working within general practice.

I would welcome the opportunity to discuss this matter further. Please contact [REDACTED] Chief Advocacy Officer, at [REDACTED] I await your response and the opportunity to engage in constructive dialogue to address these pressing issues.

Yours sincerely

A large black rectangular redaction box covering the signature and name of the sender.

What we would like the Australian Capital Territory Government to support

The RACGP, AMA ACT, and CHN are asking the Australian Capital Territory (ACT) Government to support:

- an exemption for general practices on payroll tax obligations for independent practitioners or a three-year amnesty from payroll tax liabilities for all general practices and practitioners
- the government's written commitment that they will not pursue any retrospective payroll tax liabilities for independent general practitioners and practices.

Why is this important?

We believe that the imposition of payroll tax on the earnings of independent practitioners would result in:

- an undermining of the work of the Strengthening Medicare Taskforce and the broader reform of primary care
- up to [20% of general practices](#) being forced to close
 - ACT has the lowest number of GPs per capita of any jurisdiction and local patients already face significant challenges with accessing affordable and timely primary care.
- [~80% of GPs increasing fees](#) by \$10-15 for a standard consultation.
 - ACT patients face the highest out-of-pocket costs and lowest rates of bulk billing of any jurisdiction when seeing a GP.
- a dramatic reduction in bulk-billing rates
- an increase in ambulance ramping and wait times at hospital emergency departments
 - in the ACT, patients are likely to turn to ED or walk-in centres as these are both free services provided by the ACT government. Both are more costly to deliver. These services also present the risk of fragmentation of care.
- a significant increase in health sector costs.

Key Points:

- General practices already pay payroll tax on wages of receptionists, practice managers, practice nurses and employed GPs.
- GPs typically rent consulting rooms and pay service fee to the general practice(s) they work within in return for share of billings; it is not an employment relationship.
- States, Territories and the Commonwealth have made a commitment to 'competitive neutrality' principles.
- Public hospitals and ambulance services have been granted an exemption from payroll tax, further exacerbating workforce issues.
- States and territories have signed up to a Harmonisation Joint Protocol, that includes commitment to consistency in legislation (other than WA and, to a lesser extent, Qld) and administration, and sharing of information.
- The Australian Competition and Consumer Commission (ACCC) considers GPs to be independent businesses (and required an authorisation of price setting practices).

From: "Salisbury, Kim" <Kim.Salisbury@act.gov.au>
Sent: 06/09/2023 3:23 PM
To: "Ellis, David" <David.Ellis@act.gov.au>; "Tonna, Joseph" <Joseph.TONNA@act.gov.au>
Subject: GPs
Attachments: Relevant Contracts - Medical Centres - for consult.docx, Web Content - Amnesty for Medical Practices with Contracted General Practitioners (for consult).docx

UNOFFICIAL

Consultations have come back with nil comments. So good to go up on website.

I have made one change to the web content a footnote on the first page.

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

REVENUE CIRCULAR PTA041**Relevant Contracts – Medical Centres – *Payroll Tax Act 2011***

Issue Date:

Status: Current – Effective 1 July 2018

Previous Circular:

Preamble

1. The *Payroll Tax Act 2011* (the Act), which commenced on 1 July 2011, replaced the *Payroll Tax Act 1987* (the 1987 Act) and harmonised the payroll tax legislation in the Australian jurisdictions.
2. This revenue circular has been issued to provide guidance to medical centre businesses and reflects the position of ACT Revenue Office. This circular should not be interpreted as a change in position or interpretation.
3. A contract between a principal and a contractor may be a ‘relevant contract’ under the contractor provisions in Division 3.7 of Part 3 of the Act.
4. If the contract is a relevant contract, the principal who engages the contractor is deemed to be an employer (section 33 of the Act), the contractor is deemed to be an employee (section 34 of the Act) and payments made under the contract for the performance of work are deemed to be wages (section 35 of the Act). Deemed wages are wages (section 13 (d) of the Act) and are taxable in the Australian Capital Territory if they meet the nexus provisions under section 11 of the Act. Taxable wages are subject to payroll tax (section 6 of the Act).

Purpose of circular

5. The purpose of this circular is to explain the application of the relevant contract provisions in the Act to an entity that conducts a medical centre business (referred to as a ‘medical centre’), including dental clinics, physiotherapy practices, radiology centres and similar healthcare providers who contract with medical, dental and other health practitioners or their entities (‘practitioners’) to provide patients with access to the services of practitioners.
6. This circular incorporates the decisions in *Thomas and Naaz Pty Ltd v Chief Commissioner of State Revenue* [2023] NSWCA 40 (“the Thomas and Naaz case”) and the *Commissioner of State Revenue (Vic) v The Optical Superstore Pty Ltd* [2019] VSCA 197 (“the Optical Superstore case”), which considered the application of the relevant contractor provisions in the context of arrangements between medical and optometry centres and practitioners.

Circular

Liability for payroll tax

7. Part 2 of the Act imposes liability for payroll tax. Whether there is a payroll tax liability will depend on the particular facts and circumstances of each matter.
8. Generally, payroll tax is payable by employers on all taxable wages paid to a common law employee (Part 2 Division 2.1 of the Act).
9. Where there is no common law employer-employee relationship, liability for payroll tax will arise if it is established amounts are paid under a relevant contract to a contractor (Part 3 Division 3.7 of the Act).
10. Where there is no common law employer-employee relationship or no relevant contract involving a contractor, liability may still arise if it is established amounts are paid under a 'employment agency contract' to a service provider (Part 3 Division 3.8 of the Act).
11. If liability for payroll tax arises due to the operation of Part 3 Division 3.7 or 3.8 of the Act, there are deeming provisions that apply to bring contractors and employment agents within the operation of Part 3 Division 3.1 of the Act.
12. Under Part 2 Division 2.1 of the Act, employers are liable to payroll tax on wages paid by common law employers to employees. The definition of 'wages' includes amounts paid 'to a person who is not an employee in the same way as it applies to wages paid or payable to an employee'. The term 'employee' is not defined in the Act, therefore common law employment tests apply to determine whether a worker is an employee. For further details refer to Revenue Circular PTA038 *Determining whether a worker is an employee*.
13. In many cases, the common law employer tests can be difficult for businesses to apply to accurately assess their liability when they engage contractors. Further, it was recognised the increasing use of contractor arrangements to convert common law employees to contractor arrangements provided increased opportunities for revenue avoidance. As a result, the Act includes contractor provisions (Part 3 Division 3.7).
14. Consequently, the definition of 'wages' also includes an amount taken to be wages under another provision of the Act. Therefore, in addition to wages paid to a common law employee under Division 2.1, Division 3.7 makes payments to contractors providing services under a relevant contract liable to payroll tax unless one or more exemptions in Division 3.7 apply. The Division 3.7 exemptions are designed to exclude payments to certain contractors.
15. This has the result that if the contract is a relevant contract, the principal is deemed to be an employer, the contractor is deemed to be an employee and payments made under the contract for the performance of work are deemed to be wages unless an exemption applies.

Application of relevant contract provisions to a medical centre

16. A contract between an entity that conducts a medical centre, and a practitioner is a relevant contract under section 32 of the Act if all the following apply:

- a. the practitioner carries on a business or practice of providing medical-related services to patients;
 - b. in the course of conducting its business, the medical centre:
 - i. provides members of the public with access to medical-related services; and
 - ii. engages a practitioner to supply services to the medical centre by serving patients on its behalf; and
 - c. an exemption under section 32(2) of the Act does not apply.
17. Under section 31 of the Act, 'contract' includes an agreement, arrangement or undertaking, whether formal or informal and whether express or implied.
18. If a medical centre engages a practitioner to practise from its medical centre or holds out to the public that it provides patients with access to medical services of a practitioner, it is likely the relevant contract provisions will apply to the contract with the practitioner unless an exception (that is an exemption) applies.
19. A practitioner engaged by a medical centre to serve patients for or on behalf of the medical centre under a relevant contract supplies services to the medical centre as well as to patients (See *The Optical Superstore Pty Ltd v Commissioner of State Revenue* [2018] VCAT 169 at [82]-[85]).

Separate business conducted by medical centres and practitioners

20. Under a relevant contract, the medical centre and each practitioner engaged by the medical centre conducts separate but related businesses (see, for example, *Commissioner of Taxation v Healius Ltd* [2020] FCAFC 173 at 32). The medical centre provides patients with access to medical services provided by practitioners. The medical centre also provides services and facilities to the practitioners and patients by attracting patients, advertising the services offered by practitioners, managing the services provided to patients including arranging appointments and billing patients either directly or by bulkbilling Medicare, and maintaining patient records.
21. Practitioners have professional responsibility for the medical care and advice they provide to patients. The services provided by practitioners are provided during their own business. However, the medical centre has operational or administrative control over the practitioners if it is able to influence matters such as who practices at the centre, the hours and days when they practice, and the space within the centre where that occurs.

When is a contract a relevant contract?

22. A contract is a relevant contract under section 32(1) of the Act if it provides for the supply of services 'in relation to the performance of work' by one party for or on behalf of the other party unless one of the exemptions in section 32(2) of the Act applies. The reference to services 'in relation to the performance of work' is satisfied if the services performed under the contract are work-related.
23. The requirement that a practitioner supplies services to a medical centre is satisfied if the practitioner serves patients for or on behalf of the medical centre. This principle has been endorsed by the High Court in *Accident Compensation Commission v Odco Pty Ltd* [1990] HCA 43; (1990) 95 ALR 641 at 652 (paragraph 30) concerning similar Victorian legislation regulating workers' compensation. This principle has also been applied by courts¹ and tribunals in a range of industries including cases involving medical centres.

24. The matters generally dealt with in a contract between a practitioner and a medical centre are listed in Attachment 1. However, each contract must be considered individually on a case-by-case basis to determine whether it is a relevant contract. If the contract provides, either expressly or by implication, that a practitioner is engaged to supply work-related services to the medical centre by serving patients for or on behalf of the medical centre, the contract is a relevant contract under section 32(1) of the Act.

Example 1: supply of services for or in relation to work by practitioners

ABC Pty Ltd (“ABC”) operates a medical centre that provides patients with access to a range of medical services performed by qualified practitioners who are engaged by ABC to service patients of ABC.

A patient who consults a practitioner engaged by a medical centre to serve patients of the medical centre is considered to be a customer of both the medical centre and the practitioner.

Practitioners are engaged by ABC to provide their services to the medical centre by serving patients of the medical centre in accordance with the terms of individual contracts. The contracts also require ABC to provide practitioners a consultation room for patients, manage appointments, maintain patient contact information and medical records, collect fees from patients and pay practitioners a share of revenue.

Each contract between ABC and a practitioner satisfies the requirement to supply services ‘in relation to the performance of work’ under section 32(1) of the Act because practitioners are required to serve patients for or on behalf of ABC.

The elements of a relevant contract under section 32(1) are satisfied because the services are supplied by each practitioner ‘in the course of a business’ and are supplied ‘in relation to the performance of work’ by the practitioner.

Recent decisions

25. The terms and conditions of contracts held to be relevant contracts under equivalent provisions to section 32(1) of the Act in two recent decisions are summarised below:

The Optical Superstore (TOS) case

26. In the Optical Superstore case, the Victorian Civil and Administrative Tribunal concluded that contracts between TOS and optometrists—or companies or trusts associated with optometrists (‘optometrist entities’)—were relevant contracts under the equivalent provision to section 32(1) (at [53]). The Tribunal concluded as follows:

- a. TOS was supplied with the services of optometrists for or in relation to the performance of work.
- b. The optometrist entities ensured the attendance of optometrists at agreed locations and times, and the optometrists provided optometry services to TOS customers.
- c. The arrangements also benefitted TOS by potentially leading to increased sales of frames, lenses and other optometry products.
- d. The services of the optometrists were provided to TOS as well as to the patients.
- e. The contracts were not tenancies because the optometrists did not have rights to exclusive occupancy and were more consistent with a contracting arrangement.

27. The Tribunal's decision that some contracts between TOS and optometrist entities were relevant contracts was not challenged by TOS in appeals by the Victorian Commissioner of State Revenue to the Victorian Supreme Court in *Commissioner of State Revenue (Vic) v The Optical Superstore Pty Ltd* [2018] VSC 524, or to the Victorian Court of Appeal in *Commissioner of State Revenue (Vic) v The Optical Superstore Pty Ltd* [2019] VSCA 197, which upheld the Commissioner's assessments.

The Thomas and Naaz Case

28. In the Thomas and Naaz case, the NSW Civil and Administrative Tribunal (NCAT) concluded the typical agreement entered between Thomas and Naaz Pty Ltd (Thomas and Naaz), being the entity that conducted the medical centres, and various doctors was a relevant contract under the equivalent provision to section 32(1) (at [41]). The Tribunal determined as follows:

- a. The terms of the agreement indicate the doctors agreed to (at [38]):
 - i. provide services on a five day per week basis, including weekend rosters.
 - ii. provide advance notice and obtain approval of vacations limited to four weeks per annum.
 - iii. promote the interests of Thomas and Naaz, including not channelling patients away from its business.
 - iv. abide by Thomas and Naaz's operating protocols and complete all necessary documentation.
 - v. comply with a restrictive covenant for two years after the doctor departs from the medical practice owned by Thomas and Naaz.
- b. The terms of the agreement secured the provision of the services provided by the doctors to the patients of Thomas and Naaz's medical centres. Where such services were a necessary part of Thomas and Naaz's business, doctors provided their services to the medical centre as well as to patients (at [39]).
- c. The services provided by the doctors were provided for or in relation to the performance of work, and the services supplied were work-related (at [40]).

29. In an appeal by Thomas and Naaz to the Appeal Panel of NCAT in *Thomas and Naaz Pty Ltd (ACN 101 491 703) v Chief Commissioner of State Revenue [2022] NSWCATAP 220*, Thomas and Naaz argued the Tribunal made an error of law by finding that the doctors provided their services to Thomas and Naaz as well as patients, and by concluding there was a relevant contract. The Appeal Panel rejected these grounds, deciding they were findings of fact and did not raise questions of law. Although these decisions were not reviewed, the Appeal Panel noted the Tribunal's approach was entirely orthodox and in accordance with binding authority.

Engaging a practitioner from practitioner's entity

30. In some cases, a practitioner's services may be obtained under a contract between a medical centre and a related entity (such as a company) established by the practitioner (practitioner's entity). A practitioner may be engaged by the practitioner's entity either as a contractor or as an employee.

Example 2: Supply of practitioner's services using a company

Federico is a practitioner employed by F Pty Ltd ("F Co"), which is the trustee of the Federico Family Trust.

ABC Pty Ltd ("ABC") enters into a contract with F Co under which F Co is to supply healthcare services at the medical centre conducted by ABC. F Co engages Federico to work as a practitioner at ABC's medical centre.

F Co, in the course of its business, supplies the services of Federico to ABC, and the services are supplied 'in relation to the performance of work.'

Exemptions from relevant contract provisions under Section 32(2) of the Act

31. If an exemption applies under section 32(2) of the Act, no payroll tax liability under the relevant contract provisions arises.
32. Under section 32(2) of the Act, the exemption more likely to apply to a contract between a medical centre and a practitioner is where the practitioner provides services to the public generally—section 32(2)(b)(ii) of the Act.
33. When claiming an exemption, a medical centre must be able to substantiate the exemption with sufficient evidence.

Providing services to the public generally—Section 32(2)(b)(ii)

34. A contract between a medical centre and a practitioner is not a relevant contract in relation to a financial year if the Commissioner is satisfied the practitioner who provided the services under the contract ordinarily performs services of that kind to the public generally in that financial year. Prior to claiming this exemption, the principal (medical centre) is required to apply to the Commissioner for a determination (unless using the 10 days or less per month method). The exemption is explained in Revenue Circular PTA021.1 *Exemption for Contractors Ordinarily Perform Services to the Public*.
35. To qualify for the exemption, the practitioner must provide services of the same kind to other principals, such as other medical centres or hospitals. The provision of services to patients for or on behalf of a single medical centre may not satisfy the requirement that services are provided to the public generally (see, for example, the Thomas and Naaz case). If a practitioner practises at multiple medical centres but those centres are members of the same group for payroll tax purposes, the medical centre may not be entitled to the exemption (see Revenue Circular PTA021.1).

Example 3: Providing services to the public generally**Example 3.1**

ABC Pty Ltd ("ABC") operates ABC Medical Centre and engages Dr Taylor under a contract to serve patients at the medical centre. Dr Taylor also provides similar medical services to a range of other principals including medical centres and hospitals during the financial year. Dr Taylor performs work under separate contracts with these principals concurrently during the financial year. The contract between ABC and Dr Taylor is not a relevant contract.

Example 3.2

ABC engages Dr Sou under a contract to provide medical services to patients at its medical centre for 5 days a week on a full-time basis. Dr Sou is also engaged by Top Care Pty Ltd (Top

Care) to provide similar health care services after hours on an ad-hoc basis to Top Care’s patients at their home. Under the contract with Top Care, Dr Sou generally spends 1–2 hours per week serving Top Care’s patients, due to restrictions under Dr Sou’s contract with ABC. The contract for medical services between ABC and Dr Sou is unlikely to be exempt.

Example 3.3

ABC engages Dr Joan to provide medical services to patients at its medical centre and see patients on 3 days per week. Dr Joan is also contracted to provide medical services on 2 days each week to patients of the ABC Private Hospital. ABC Medical Centre and ABC Private Hospital are grouped for payroll tax purposes. Therefore, the 2 ABC entities should seek determinations before treating the contract with ABC Private Hospital as exempt under the 10 days or less per month method.

Who is the employer under Section 33?

36. Section 33(1) of the Act deems the employer under a relevant contract to be the person:
 - a. who supplies services to another person; or
 - b. to whom the services of persons are supplied in relation to the performance of work.
37. Section 33(1)(c) of the Act applies to a person who gives goods to individuals and is not generally applicable in relation to contracts involving medical centres.
38. If both subsections (a) and (b) under section 33(1) of the Act apply to a relevant contract, section 33(2) of the Act provides the person who is supplied with the services of another person is deemed to be the employer.
39. Applying section 33(1)(b) of the Act to a relevant contract between a medical centre and a practitioner, the medical centre is taken to be the employer because it receives the services of the practitioner who serves the patients. Those services are work-related because the practitioner performs work in the course of supplying the services. (See, for example: *Accident Compensation Commission v Odco Pty Ltd* [1990] HCA 43; (1990) 95 ALR 641 at 652 (paragraph 30); *The Optical Superstore Pty Ltd v Commissioner of State Revenue* [2018] VCAT 169 at [82].)

Example 4: Medical centre is taken to be an employer

ABC Pty Ltd (“ABC”) operates a medical centre and enters into relevant contracts with several practitioners to provide medical services to patients for or on behalf of ABC.

ABC is taken to be the employer under each relevant contract because it is supplied with the services of practitioners who serve the patients. In supplying services to patients, the practitioner supplies services to ABC in the form of work.

Who is the employee under Section 34?

40. Under section 34(a), a person who performs work in relation to which services are supplied to another person under a relevant contract is taken to be an employee.
41. Section 34(b) only applies to a relevant contract under which goods are resupplied.
42. Under a relevant contract between a medical centre and a practitioner, the practitioner, being the person who performs the work required under the contract, is taken to be the employee (see, for example: *The Optical Superstore Pty Ltd v Commissioner of State*

Revenue [2018] VCAT 169 at [82]; *Homefront Nursing Pty Ltd v Chief Commissioner of State Revenue* [2019] NSWCATAD 145 at [46]). If the relevant contract is between a medical centre and a practitioner's entity, and the practitioner's entity engages the practitioner to provide services under a separate contract with practitioner, the practitioner is taken to be an employee under section 34.

Example 5: Practitioner taken to be an employee

ABC Pty Ltd ("ABC") operates a medical centre and enters into a relevant contract with P Pty Ltd to obtain the services of Dr Peters who is engaged by P Pty Ltd to provide medical services to patients for or on behalf of ABC.

Dr Peters is taken to be an employee of ABC under section 34(a) because Dr Peters performs the work in relation to which medical services are supplied under the relevant contract.

Which payments are deemed wages under Section 35 of the Act?

43. Under section 35(1) of the Act, amounts paid or payable under a relevant contract by a medical centre (the deemed employer) are wages for payroll tax purposes if the payments are in relation to the performance of work relating to the relevant contract by the deemed employee.
44. The phrase 'in relation to work' requires either a 'direct' or 'indirect' relationship between the payment and the performance of work (see *Commissioner of State Revenue (Vic) v The Optical Superstore Pty Ltd* [2019] VSCA 197 at [65]). In *Thomas and Naaz* the Tribunal decided (at [67]–[68]) that there was such an 'indirect' relationship where the contractual relationship included the following characteristics:
 - a. the doctors provided the services to patients;
 - b. the patients assigned their medical benefits to the doctors;
 - c. Thomas and Naaz, on behalf of the doctors, submitted the assigned claims for the medical benefits to Medicare;
 - d. Medicare paid those benefits to Thomas and Naaz; and
 - e. Thomas and Naaz retained 30% of the amounts received from Medicare and paid the remaining 70% to the doctors as the payments.
45. It does not matter that payments to a practitioner are paid from money received by the medical centre on behalf of practitioners, whether from patient fees or Medicare payments, even if the practitioner is beneficially entitled to that money (see *Commissioner of State Revenue (Vic) v The Optical Superstore Pty Ltd* [2019] VSCA 197 at [67]). When the practitioner's entitlement is recognised and the money is paid or becomes payable, it constitutes wages for payroll tax purposes.

Example 6: Payments by a medical centre to practitioners taken to be wages

Under relevant contracts with practitioners, ABC Pty Ltd ("ABC")—which operates a medical centre—receives fees payable by patients, or Medicare rebates if bulk billing applies. All payments of fees and Medicare rebates are received by ABC and deposited in ABC's bank account.

Each practitioner is paid a specified percentage of the revenue attributed to the practitioner, including fees invoiced by medical centre staff and Medicare rebates received from bulk billing.

On the last working day of each month, each practitioner's share of receipts for the month are calculated and transferred to the practitioner's nominated bank accounts within 5 days. The amounts paid or payable to each practitioner under a relevant contract are taken to be 'wages' paid or payable by ABC.

46. If a practitioner's services are provided under a relevant contract between a medical centre and the practitioner's entity, and the practitioner is taken to be an employee of the medical centre, payments by the medical centre to the practitioner's entity that are in relation to the performance of work related to the relevant contract are taken to be wages.

Example 7: Payments by a medical centre to a practitioner's company taken to be wages

Under a relevant contract between ABC Pty Ltd ("ABC"), which operates a medical centre, and Fox Pty Ltd (Fox Co), ABC is deemed to be an employer and Dr Fox, whose services are provided under the contract, is taken to be an employee. ABC is required to pay 70% of the gross revenue generated by Dr Fox to Fox Co as a deemed employee of ABC.

The gross payments by ABC to Fox Co are taken to be wages paid by ABC.

The source of the funds used to pay the practitioner's company does not affect the classification of an amount as wages, even if the payment is made from money held in a trust account for the practitioner or the practitioner's entity (see *Commissioner of State Revenue (Vic) v The Optical Superstore Pty Ltd* [2019] VSCA 197 at [64]–[68]).

47. If a payment by a medical centre to a practitioner includes an amount that is not attributed to the performance of work, only the amount paid for the performance of work is subject to payroll tax. A payment for something other than the performance of work is not subject to payroll tax, but it must be substantiated with sufficient evidence that the practitioner is required to provide it under the contract. Reimbursement of general business expenses of the practitioner cannot be claimed as a deduction from payments by the medical centre that are taken to be wages under section 35(1) of the Act.

Third party payments taken to be wages under Section 46 of the Act

48. Under section 46 of the Act, 'third party payments' of money or other consideration may be taken to be wages paid or payable by an employer to an employee. This provision applies to a third-party payment under a relevant contract that would be wages if paid by an employer to an employee under the contract.
49. A person taken to be an employer under section 33 of the Act is taken to be an employer under section 46 of the Act, and a person taken to be an employee under section 34 of the Act is taken to be an employee under section 46 of the Act.
50. A third-party payment may consist of:
- a. a payment by a person other than a deemed employer to a deemed employee;
 - b. a payment by a deemed employer to a person other than a deemed employee;
 - c. a payment by a person other than a deemed employer to a person other than a deemed employee.

Example 8: Wages paid by a third party to a practitioner—Section 46 of the Act

ABC Pty Ltd ("ABC"), which operates a medical centre, enters into a contract with Dr Wolf who agrees to serve patients for or on behalf of ABC. The contract is a relevant contract under section 32(1) and none of the exemptions under section 32(2) of the Act apply.

ABC is taken to be an employer under section 33 of the Act. Dr Wolf is taken to be an employee under section 34(a).

The contract provides patient fees including bulk billed Medicare rebates are to be assigned to Dr Wolf. At the end of each month Dr Wolf is required to pay 30% of the revenue to ABC.

Under section 46 of the Act, the payments to Dr Wolf are taken to be wages paid by ABC to Dr Wolf because the payments are remuneration for the services of Dr Wolf that would have been wages if they had been paid or payable by ABC (a person taken to be an employer) to Dr Wolf (a person taken to be an employee).

Other Matters

Tenancy contract that is not a relevant contract.

51. Under a tenancy contract, a landlord (who may be a sub-lessor) by lease or licence provides a practitioner with use of a suite or space in, for example, a building from which the practitioner conducts their own independent medical practice. The tenancy contract will reference the specific space being leased or licensed and generally includes provisions for fit-out and alterations to accommodate the practitioner's requirements and services such as building maintenance and signage for the practitioner's operating hours.
52. A tenancy contract is not a relevant contract if the practitioner does not supply work-related services to patients for or on behalf of the landlord. In these circumstances, the practitioner must operate their own independent medical practice responsible for such matters as advertising and attracting patients, providing medical services to their own patients (that is, not for or on behalf of anyone else), managing patient appointments and records and directly submitting claims for medical benefits to Medicare; with Medicare paying those benefits to the practitioner (or the practitioner's entity).
53. If a tenancy contract refers to a medical centre as a 'landlord' and the practitioner as a 'tenant', but in substance the practitioner is providing medical services for or on behalf of the medical centre to its patients, the tenancy contract is more likely to be a relevant contract.

Example 9: Tenancy contract not a relevant contract

A practitioner enters a tenancy contract with DEF Pty Ltd ("DEF CO") for the lease of specific premises comprising a consultation room, waiting room and administration office (suite). DEF Co's only business activity is leasing the suite. The practitioner conducts a medical practice from the suite by hiring administration staff to manage patient and Medicare matters, and providing medical services to patients who make appointments to see the practitioner. The 'tenancy contract' is not a relevant contract.

Example 10 – Tenancy contract is a relevant contract

A practitioner enters a tenancy contract with ABC Pty Ltd ("ABC"), which operates multiple medical centres. Under the tenancy contract, the practitioner is referred to as the 'tenant' and the medical centre the 'landlord'. The tenancy contract does not refer to the lease, being the grant of exclusive possession, of any specific location or physical space, but provides that the practitioner as 'tenant' is to work at the various medical centres operated by ABC as required. The terms of the 'tenancy contract' secures the provision of medical services provided by the practitioner to the patients of ABC. The tenancy contract is a relevant contract because ABC, in

the course of operating its medical centres, has supplied to it the services of the practitioner in relation to the performance of work.

A contract with an administration entity may be a relevant contract

54. Multiple medical practices conducted by individual practitioners may operate from the same premises and use the same entity that provides administration and support services (administration entity) to practitioners. A contract with the administration entity may be a relevant contract depending on the terms and conditions of each contract. In some cases, a contract may be a relevant contract under section 32(1) of the Act, but an exemption may apply under section 32(2) of the Act. The terms and conditions of each contract must be considered on a case-by-case basis having regard to ‘When is a contract a relevant contract?’ above.

Grouping of practitioners and administration entities

55. An entity that provides administration services only to practitioners may be grouped with practitioners or the practitioners’ entity under Part 5 of the Act Revenue Circular PTA017 *Grouping of professional practices and administration businesses* explains the application of the grouping provisions to professional practices and service entities.

Reference to practitioner being ‘principal’ not determinative.

56. A contract between a medical centre and a practitioner may state the practitioner is the principal, and/or the medical centre only provides administrative services to the practitioner. Such clauses do not prevent the application of the relevant contract provisions if the medical centre is able to exercise operational or administrative control over the services provided to patients or is able to exercise operational or administrative control over a practitioner to influence decisions about who practises at the centre, when they practise, and the space within the centre where that occurs. The manner in which the parties describe or label their relationship in a contract cannot change the character of the relationship established by their rights and obligations.³

Medicare Provider Number (MPN)

57. A practitioner, being an eligible health professional, must apply for a unique Medicare provider number (MPN) to provide services listed under the Medical Benefits Schedule (MBS) and, where eligible, refer patients to relevant specialists and/or consultant physicians and request certain imaging and pathology services. Further, an MPN is required to access and claim Medicare services and benefits. Only an eligible health professional, being a natural person, can be granted an MPN meaning the medical services under the MBS are provided by a practitioner to a patient.

58. The MPN requirement does not alter the outcome that, under a relevant contract, where a practitioner is engaged by a medical centre to serve patients for or on behalf of the medical centre, the practitioner is still providing medical services to the medical centre and to the patients, consistent with the principles determined in the Optical Superstore Case and the Thomas and Naaz Case.

Records Must be Kept for 5 Years

59. Medical centres must keep records that enable their tax liability under the Act to be properly assessed and must keep the records for a minimum of 5 years after the end of the financial year in which wages were paid or became payable (see Part 8 section 64 of the *Taxation Administration Act 1999*).
60. An employer who disputes the correctness of a payroll tax assessment in an objection to the Commissioner bears the onus of proving the assessment was incorrect on the balance of probabilities (see Part 10 of the *Taxation Administration Act 1999*).

SIGNED

Commissioner for ACT Revenue

DATE

Footnotes

1. See for example: *Levitch Design Associates Pty Ltd ATF Levco Unit Trust v Chief Commissioner of State Revenue* [2014] NSWCATAD 215 at [54]; *Freelance Global Ltd v Chief Commissioner of State Revenue* [2014] NSWSC 127 at [173]; *Bridges Financial Services Pty Ltd v Chief Commissioner of State Revenue* [2005] NSWSC 788 at [233]-[226].
2. See for example: *The Optical Superstore Pty Ltd v Commissioner of State Revenue* [2018] VCAT169 at [85]-[86]; *Homefront Nursing Pty Ltd v Chief Commissioner of State Revenue* [2019] NSWCATAD 145 discussed at [46]-[48]; *Thomas and Naaz Pty Ltd v Chief Commissioner of State Revenue* [2021] NSWCATAD 259 at [38]-[41].
3. See *Construction, Forestry, Maritime, Mining and Energy Union v Personnel Contracting Pty Ltd* [2022] 96 ALJR 89 at [63]-[66].

Attachment 1

Contracts between medical centres and practitioners

The contract between a medical centre and a practitioner or the entity through which their services are provided, generally deal with the following matters:

1. The medical centre and the practitioner agree that the practitioner will provide competent, professional medical services to patients.
2. The agreement can be terminated by either party by giving notice as specified in the contract.
3. The practitioner is engaged as a contractor, is solely responsible for medical advice or medical procedures, and must take out professional indemnity insurance at their own cost to cover malpractice.
4. Responsibilities of each party for controlling the manner in which services are provided.
5. Responsibilities of each party in the determination and payment of fees by patients, including decisions as to which patients may be bulk billed to Medicare, payments by the Department of Veterans' Affairs (DVA) and other specified fees and amounts paid or payable.
6. How patients' fees are shared between the medical centre and the practitioner or the entity through which the practitioner's services are obtained.
7. How Medicare and DVA benefits are to be assigned and shared by the medical centre and the practitioner.
8. Provision for the practitioner to periodically invoice the medical centre; or for the medical centre to invoice the practitioner or the entity through which the practitioner's services are provided.
9. Hours or days of attendance by the practitioner may be specified.
10. The practitioner's entitlement to take a leave of absence may be specified, including any requirement to seek approval from the medical centre or to ensure a minimum number of practitioners are available to service patients.
11. The practitioner may be required to provide the medical centre with specified information and documents, and to keep and maintain records required by law.
12. Ownership of, or access to records, including patient information may be specified.
13. There may be restrictions on copying or removing records from the medical centre.
14. The practitioner may be required to promote the interests and welfare of the medical centre.
15. The practitioner may be required to commit to provide a share of duties relating to after-hours calls, home visits and nursing home visits.

16. The medical centre agrees to provide the practitioner with administrative services, clerical and professional staff and facilities, plant and equipment necessary for the practitioner to provide medical services to patients.
17. The practitioner must ensure that they have a Medicare provider number and local medical officer status with DVA.
18. The medical centre does not provide medical services to patients, is not registered as a medical practitioner and does not have a Medicare provider number.

Amnesty for Medical Practices with Contracted General Practitioners

Payments made to contractors may be taxable if the arrangement is considered a relevant contract for payroll tax purposes. [Revenue Circular PTA041 – Relevant Contracts – Medical Centres](#) explains the application of the relevant contractor provisions under the *Payroll Tax Act 2011* to an entity that conducts a medical centre business.

On 26 August 2023, the ACT Government announced the following arrangements for general practitioners engaged by a medical practice under a relevant contract.

Historical liabilities to 30 June 2023

Medical practices are liable to pay payroll tax on payments made to contracted general practitioners (GPs) unless a contractor exemption applies. Given a potential lack of awareness of the payroll tax treatment of contractors among general practitioners, the ACT Government will waive any payroll tax liabilities up until 30 June 2023 for medical practices which have not paid payroll tax on payments to general practitioners. Medical practices which engage general practitioners under relevant contracts will automatically receive this exemption and do not need to apply for it.

Exemption for liabilities over 2023-24 and 2024-25

To support medical practices in the delivery of services to the community including bulk billing, the ACT 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;
- Register to receive the amnesty with the ACT Revenue Office by 29 February 2024.

Bulk billing requirement

Bulk billing is defined to mean where the 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).

The bulk billing requirement refers to 'GP non-referred attendances'¹. It will be determined by the total number of bulk billed attendances divided by the total number of attendances.

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. For payroll taxpayers operating at multiple locations, it will be determined by the combined totals at all locations.

For the 2023-24 financial year, the percentage will be calculated by reference to attendances over the six months from January to June 2024. For the 2024-25 financial year, the percentage will be calculated over the financial year as a whole. If a medical centre reaches the bulk billing target in some parts of either of these periods (January to June

¹ refer Quarterly Medicare Statistics reported by the Department of Health and Aged care - Medicare Benefits Schedule 'GP non-referred attendance data'.

2024; or 2024-25), but not over the period as a whole, they will be liable for payroll tax over the whole financial year.

Medical practices that register for the amnesty, and achieve the 65 per cent minimum level of bulk billing over the relevant period, will not be required to pay payroll tax on payments made to contracted general practitioners up until 30 June 2025. This will 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.

Other requirements

To be eligible for the amnesty, a medical practice must also register with the Commonwealth Government's MyMedicare program. This registration must occur within the financial year in which the amnesty is claimed.

The amnesty is limited to payments made to contracted general practitioners. For the purposes of the amnesty, a general practitioner is a doctor registered as a general practitioner with the Medical Board of Australia.

The amnesty is not available for payments to:

- contracted general practitioners where an exemption applies (because no payroll tax liability would arise if the payment is exempt)
- general practitioners who are common law employees
- other medical doctors or allied health professionals
- other types of contractors.

Practices liable for payroll tax in relation to administrative and support staff, must continue to lodge returns for those wages and will be assessed for payroll tax on those wages during the amnesty period.

Registrations for the amnesty

Medical practices wishing to apply for the amnesty must register with the ACT Revenue Office to be part of the amnesty by 29th of February 2024. Further information on how to register will be available on the ACT Revenue Office website shortly.

Once the registration period has closed, ACT Revenue Office will contact each registered medical practice with details about the requirements for the amnesty.

Medical centres which are not part of the amnesty

Medical business operating in the ACT which:

- engage a medical professional under a relevant contract; and
- make payments to employees and contractors under a relevant contract in excess of \$2 million in Australia-wide wages each year; and
- do not meet the requirements of the amnesty;

are required to register with the ACT Revenue Office for payroll tax. Information on how to register can be found here (insert link)

Medical centres with liabilities prior to the current financial year are encouraged to make a voluntary disclosure for these periods. This does not apply to payments to general practitioners under a relevant contract for the period prior to 30 June 2023. Once registered, the ACT Revenue Office will work with you to determine your prior year liabilities.

Medical business unsure about their payroll tax obligations should contact the ACT Revenue Office at (insert contact details). We will work with you to help you:

- determine if you need to register for payroll tax in the ACT;
- identify if you are eligible for any contractor exemptions; and
- explain your ongoing obligations.

Compliance activity

Medical practices operating in the ACT should take time to review their arrangements and ensure they comply with their obligations under the *Payroll Tax Act 2011*. All medical centres operating in the ACT may be subject to compliance activity, including those that register for the amnesty over 2023-24 and 2024-25.

From: "Treasury DLO" <TreasuryDLO@act.gov.au>
Sent: 07/09/2023 4:12 PM
To: "CMTEDD MLO" <CMTEDD.MLO@act.gov.au>
Cc: "Gardiner, Jodie" <Jodie.Gardiner@act.gov.au>; "Ford, Blake" <Blake.Ford@act.gov.au>
Subject: FW: Meeting with Dr Marisa Paterson on GP Payroll Tax
Attachments: Dr Marisa Paterson MLA_Copy of Letter .pdf
Categories: Kaye

OFFICIAL

Hi MLO Team

New Ministerial please to put in TRIM for allocation to: ACTRO

Action required: for information and direct response to the constituent if deemed appropriate

Timing: N/a

Additional comments:

NOTE:

All briefing requiring a decision or assent by the Treasurer must be provided to the DLO no less than 5 business days before the critical date.

All correspondence is due to the CMO within 10 business days of this request. Where this timing cannot be met, advise the DLO ASAP and note that an interim email response must be drafted for the CMO to share with the correspondent within 5 business days of this request. This response should specify that the Directorate is considering this request, but it is more complex than would allow for a more timely reply to be provided. The interim response must specify an ETA for a final response on the part of the Minister, and approval for an extension beyond a 10-day turnaround should be sought from the relevant Deputy Under Treasurer.

For all correspondence, please include an email address for the recipient.

If this has been **allocated incorrectly**, or you **require input from another directorate**, please advise **ASAP**.

Regards
Kylie

From: Atkins, Brittany <Brittany.Atkins@act.gov.au>
Sent: Thursday, 7 September 2023 3:48 PM
To: Treasury DLO <TreasuryDLO@act.gov.au>
Cc: Khan, FaheemK <FaheemK.Khan@act.gov.au>; Cook, Michael <Michael.Cook@act.gov.au>
Subject: FW: Meeting with Dr Marisa Paterson on GP Payroll Tax

Hi Kylie

Could the attached letter please be provided to relevant officials for consideration. This was forwarded to me following a meeting with [REDACTED] and Dr Marisa Paterson MLA (as a local member). I undertook to provide this to officials for consideration. A formal response from the CM isnt required and I'll leave it up to officials to decide if they would like to respond directly to the matters raised in the letter.

It would be helpful if the relevant official (perhaps the office of the revenue commissioner?) could send an email letting [REDACTED] know that the CMO has brought her letter to the attention of officials. I understand that this constituent has an upcoming meeting with the Revenue Commissioner.

Thanks

Britt

Brittany Atkins

Office of Andrew Barr MLA

Chief Minister | Treasurer | Minister for Climate Action



ACT
Government



CANBERRA

Dr Marisa Paterson MLA
Member for Murrumbidgee
ACT Legislative Assembly

6th September, 2023

Dear Dr Paterson,

[REDACTED] and I have been closely following the developments regarding payroll tax and what are considered “relevant contracts” for several years now. The landscape has changed with the dismissal of the Thomas and Naaz case by the NSW Court of Appeal in March 2023, and the subsequent ruling clarifications of Victoria and NSW released in August. It is now evident that practices such as mine will need to look closely at their structures, and consider how to meet potential payroll tax liabilities for relevant contractors/tenants, in addition to existing employees.

[REDACTED] the article from The Canberra Times, wherein Mr Andrew Barr stated that he would conditionally exempt general practices from payroll tax liabilities for two years, in exchange for 65% of patient encounters being bulk billed. I was shocked and dismayed to read such a proposal, which is out of step with any other state and territory in Australia.

[REDACTED]

Since this time, I have been reading with dismay the narrative from Mr Barr. In particular, I was saddened to read that he believed GPs were making “wild accusations” in a pursuit to minimise tax, and moreover, that he believed it was “not unreasonable to expect general practices to bulk bill 65 per cent of services” (*Source: The Canberra Times, “Andrew Barr hits out at doctor lobby group over Canberra GP payroll tax debate”*). The comment that our protests are based on “frankly a lack of ambition in relation to bulk billing, an ambition that is achieved everywhere else” was particularly distressing. Mr Barr suggests that 65% bulk-billing was an achievable goal as his data shows that 65% of services were bulk billed in the first half of 2022. It is to this point, I now wish to speak.

For Mr Barr to cite the bulk billing figures that occurred during the Covid-19 pandemic as a standard we should be striving for is disingenuous and unrealistic in the ACT. There were a number of factors that influenced bulk billing rates during the pandemic, and this time cannot be extrapolated to “normal times” nor “normal business operations”.

Namely:

- Telehealth items were introduced in March 2020 in a direct response to the Covid 19 pandemic. It was mandatory to bulk-bill these item numbers until 1 October 2020. Many practices continued to bulk bill these item numbers for their own reasons, including significant financial hardship experienced by their patient base, and a very real need to protect their general practice workforce through use of telehealth as the main modality for consultations.
- [REDACTED]
We accepted face-to-face appointments at all times during the pandemic, but many [REDACTED] did not. Obviously, practices that moved to full telehealth would have a much higher bulk billing rate at that time.
- Covid 19 vaccination items, covid suitability assessments and covid bulk billing incentives were all compulsorily bulk billed. [REDACTED]
[REDACTED]
- Since Covid-19 boosters and vaccinations have slowed, [REDACTED]
[REDACTED] Neither of these figures of “normal” years are remotely close to a rate of 65% bulk billing as proposed by Mr Barr. Indeed, to do so would cause significant hardship to [REDACTED]
- Of additional note, [REDACTED]
[REDACTED] Other practices also relied on the “Job Keeper” stimulus for similar reasons.

In addition to my objections about the 65% bulk-billing “exemption”, there is a number of logistical and other considerations for general practice:

- If we place a defined levy on our patients (much like a credit card surcharge), we are no longer able to process Medicare rebates on patient’s behalf. This is because the main point of care claiming terminal (TYRO, which is the most popular one) would not be able to “talk” to Medicare with this additional item embedded. Practices would therefore not be able to facilitate a point of care rebate for patients, which represents a further financial impost on them. Possible work-arounds include two transactions, one for the Medicare rebateable items, and one for the levy. However, [REDACTED]
Another work-around would be for patients to claim directly with Medicare, but again, that is grossly inconvenient to them. There is no “clean” nor “transparent” way of implementing a state-based tax with the current Federal Medicare systems. We need time, infrastructure and the Federal and State systems to be compatible before we can become ‘tax-collecting centres’ for the Territory.
- It is against Medicare legislation to add any fees onto bulk-billed services, with the exception of vaccines. This means that the cost of the levy would be borne entirely by the patients who are privately billed. [REDACTED] At

other practices, it may differ. The amount of levy applied would be dependent on how many people you can legally apply it to, which is privately billed patients only. This means privately billed patients will be carrying an unfair additional burden of the payroll tax, as it is illegal to apply it to bulk billed patients due to Federal legislation. There is no “work around” in this situation without the Medicare legislation changing. I do not see how this is fair, and no amount of “triple bulk billing” will fix this inequality.



- There have been many “solutions” to payroll tax put forward, by all sorts of experts. These solutions have offered a myriad of different ways to address the problem. Practices will need to make their own informed decisions about the best approach. But please be assured that regardless of the solution chosen, this will come at an unnecessary cost to patients, as they must recoup the “solution costs” from somewhere. It seems unreasonable that patients will bear the burden of these “solutions”, regardless of whether a practice meets the threshold for PRT or not. Practices are using software to distribute money in different directions to be sure that they meet the “flow of funds” requirement from a payroll tax perspective. This arbitrary movement of money may not even be sufficient to meet the requirements for a non-relevant contract, but costs will go up regardless. It seems wherever there is a problem in general practice, there’s another expensive “innovation” to assist us. But what we really need is Local and Federal Govt consistency, cooperation and support. We really need time and clarity to work out what our practices look like from a tax perspective, and how that can possibly work logistically for our patients.

- [REDACTED]
- [REDACTED] This will mean that those patients will probably need to be absorbed into other nearby practices, increasing the likelihood that they will exceed the threshold, too. It’s not beyond the scope of imagination that all community practices will become so devalued with this move to tax independent GPs, that only the corporates will survive. I personally find that so distressing that local communities will lose their local practice that has cared for entire families... I can’t even think about it. [REDACTED]

- GPs are independent doctors. From their percentage of billings, they must pay tax, insurances, superannuation, medical memberships (RACGP for example), education, etc. They do not receive sick pay, holiday pay, long service leave, maternity leave. They work damn hard for their money. Practices work hard to support them. We do not have the profit margins to absorb these additional payroll tax costs, and GPs should not be expected to lose money. In what other industry are we publicly shaming a profession to reduce their income? And GPs, of all people. You have no idea how hard they work. They are my heroes.
- Private billing GPs give excellent value for money. [REDACTED]

- 
- GP Practices around Canberra worked so hard during Covid.
- 

It's hard to believe that this Pay Roll Tax issue is how practices are being rewarded after everything they did during the pandemic.

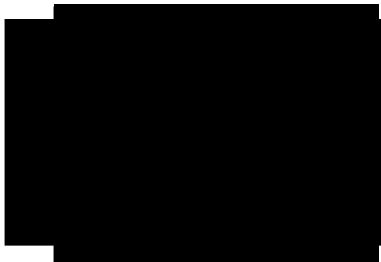
- General Practitioners are the most efficient, cost-effective and hard-working members of the healthcare sector. Canberra is undergoing a GP crisis, and the Labor Greens Govt positions are making this crisis worse.
- 
-  she is now reconsidering her profession as she feels so devalued by your government.

Please listen to general practice. The story is much more complicated than what you are suggesting and these rulings have resulted in significant distress to our practice communities, including our patients who deeply value our service.

If you will not exempt us, give us time to become tax compliant without fear of financial penalty. We are well aware that our tax liability is accruing while this debate takes place. We need the infrastructure to levy patients, we need software and Medicare compatibility, we need to ensure we have time to explain to our patients why their costs are increasing.

Please hit the pause button. Please show your respect and understanding to general practice. Please listen to us – it's our industry and we know it well. We are not being tax-dodgers or lack ambition. We work incredibly hard for an incredibly diverse patient population in a complex environment. We respectfully ask to be heard.

Yours sincerely,



From: "STEPHEN-SMITH" <STEPHEN-SMITH@act.gov.au>
Sent: 07/09/2023 2:08 PM
To: "BARR" <BARR@act.gov.au>
Subject: FW: Contact my Minister - Correspondence: [REDACTED]

Hi Rhys,

Can I leave this one with you?

Thanks,
Martin

From: [REDACTED]
Sent: Thursday, 7 September 2023 11:24 AM
To: STEPHEN-SMITH <STEPHEN-SMITH@act.gov.au>
Subject: Contact my Minister - Correspondence: [REDACTED]

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](#)



Rachel Stephen-Smith, 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.

Change of cost to GPs due to Pay Roll tax.

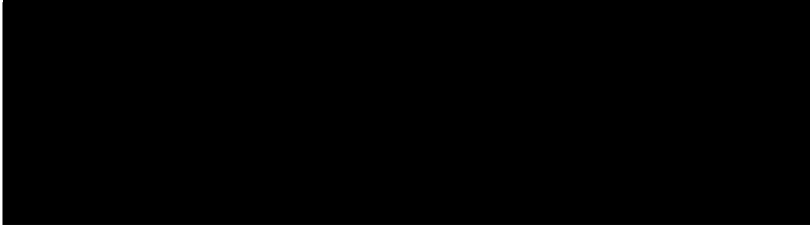
[REDACTED] however I go to the GP and she advised me about the changes. They are contractors they aren't employees have more entitlements than a contractor, I understand that you wouldn't charge them if they didn't go over 1 million dollars however is it fair if the work place is set up in such a way that they don't get any benefits from this tax? [REDACTED]

[REDACTED] Surely there is a better solution to this rise on payroll taxes. [REDACTED] with the medic care rebate..at half. [REDACTED] Also, I'm not angry at you or the department; just a little bit confused and overwhelmed at the idea of this becoming the new normal.

Correspondence Reference # 070923 - 2279719

Submission date: 07 Sep 2023 11:23am

Contact Information



From: "Davidson" <DAVIDSON@act.gov.au>
Sent: 07/09/2023 10:13 AM
To: "BARR" <BARR@act.gov.au>
Subject: FW: Payroll tax for contractor GPs in the ACT

Hi Rhys,

One for you?

Taylor Wiggins (she/her) | Office Manager
Office of Emma Davidson | ACT Greens Member for Murrumbidgee
Ph: 6205 1941 E: davidson@act.gov.au

From: [Redacted]
Sent: Tuesday, 5 September 2023 3:51 PM
To: Davidson <DAVIDSON@act.gov.au>
Subject: Payroll tax for contractor GPs in the ACT

You don't often get email from [Redacted] [Learn why this is important](#)

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](#)

Dear Emma
I am writing to

express my deep concern and frustration regarding the recent interpretation of payroll tax on independently contracted General Practitioners. This decision has far-reaching implications for the healthcare industry and threatens the sustainability of medical practices like mine. I implore you to take immediate action to reconsider this decision for the sake of our patients and our healthcare system.

[Redacted]

[Redacted] ACT. Our practice serves as a crucial healthcare hub for the local community, treating approximately [Redacted] patients a day. [Redacted]

[Redacted]

[Redacted] have a long term vested interest in the wellbeing of my community. I am a dedicated and experienced GP, and I am committed to providing quality healthcare to my patients. However, the recent change in the interpretation of payroll tax liability which specifies the inclusion of GP contractor payments puts an undue and unreasonable financial on community GP practices such as [Redacted]

Currently, GP practices are operating on increasingly narrow profit margins, primarily due to the diminishing value of Medicare Benefits Schedule (MBS) rebates resulting from inadequate indexation and freezes, compounded by rising business costs. The situation has reached a critical juncture where the rebate for a bulk-billed consultation represents less than half of the actual cost of that service. Once practices become subject to payroll tax, the additional financial burden will further erode the feasibility of bulk billing services.

A reduction in bulk billing directly impacts the most vulnerable members of our community. Whilst I am strongly committed to ensuring equitable access to healthcare, the introduction of a payroll tax for General Practices will directly limit my ability to provide healthcare services at a reduced cost

through bulk billing. This means that I will no longer be able to provide bulk billed consultations to the vast majority of patients that I currently bulk bill due to their financial hardship.

To achieve optimal health outcomes for our community, I implore you to support efforts to reconsider and reverse the decision to include GP contractor payments in the payroll tax liability calculation. Accessible healthcare should be our shared goal, and this tax only hampers that mission. Canberra's healthcare providers need support and fair policies that allow us to continue serving our community effectively. Access to quality healthcare is fundamental to the well-being of our community, and it is vital that we preserve the ability of GP practices to continue caring for everybody.

I request your urgent attention to this matter and kindly ask for your support in addressing this critical issue.

Thank you for your time and consideration.

Sincerely,

A black rectangular redaction box covering the signature of the sender.A large black rectangular redaction box covering the contact information of the sender.

From: "Davidson" <DAVIDSON@act.gov.au>
Sent: 07/09/2023 10:14 AM
To: "BARR" <BARR@act.gov.au>
Subject: FW: Payroll Tax for General Practices

Hi Rhys,

Another one for you?

Taylor Wiggins (she/her) | Office Manager
Office of Emma Davidson | ACT Greens Member for Murrumbidgee
 Ph: 6205 1941 E: davidson@act.gov.au

From: [REDACTED]
Sent: Tuesday, 5 September 2023 11:07 AM
To: Davidson <DAVIDSON@act.gov.au>
Subject: Payroll Tax for General Practices

You don't often get email from [REDACTED]

[Learn why this is important](#)

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](#)

Dear Ms Davidson,
 I hope this email finds

you well. I am writing to you today, as the owner of [REDACTED] to express my serious concerns regarding the recent change in the interpretation of payroll tax liability which specifies the inclusion of GP contractor payments. This adjustment has occurred with great pace and minimal consultation, leaving GP practice owners unprepared. Adding further time pressures, the announcement made on the last weekend in August has a starting date from 1st July 2023. My primary concern lies in the significant risk this change poses to healthcare accessibility for the most vulnerable residents of Canberra.

General Practice serves as an important and highly responsive element of the Australian healthcare system. It serves as the cornerstone of healthcare, being the initial point of contact for individuals with any health concerns. The General Practice sector manages 90% of healthcare encounters while utilizing just under 8% of the healthcare budget. It is well-established that healthcare systems that prioritize primary care tend to yield better outcomes for their populations. General Practice thrives when equitable access, continuity of care, and a patient-centric approach are at the forefront.

Currently, GP practices are operating on increasingly narrow profit margins, primarily due to the diminishing value of Medicare Benefits Schedule (MBS) rebates resulting from inadequate indexation and freezes, compounded by rising business costs. The situation has reached a critical juncture where the rebate for a bulk-billed consultation represents less than half of the actual cost of that service. Once practices become subject to payroll tax, the additional financial burden will further erode the feasibility of bulk billing services.

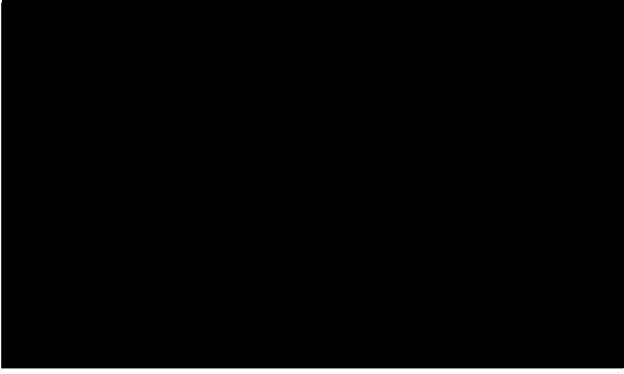
A reduction in bulk billing directly impacts the most vulnerable members of our community. While GPs are strongly committed to ensuring equitable access to healthcare, the introduction of a new tax for General Practices will inevitably limit their ability to provide healthcare services at a reduced cost through bulk billing. This means that some people are unable to see their GP because they cannot be bulk billed.

To achieve optimal health outcomes for our community, I implore you to support efforts to reconsider and reverse the decision to include GP contractor payments in the payroll tax liability calculation. Accessible healthcare should be our shared goal, and this tax only hampers that mission. Canberra's healthcare providers need support and fair policies that allow us to continue serving our community effectively. Access to quality healthcare is fundamental to the well-being of our community, and it is vital that we preserve the ability of GP practices to continue caring for everybody.

I would welcome the opportunity to engage in a more detailed discussion on this matter and provide further insights into the implications of this change. Your support and advocacy on behalf of our healthcare community would be greatly appreciated.

Thank you for your attention to this important issue, and I look forward to your response.

Sincerely,



This email, and any attachments, may be confidential and also privileged.

If you are not the intended recipient:

Please notify the sender and delete all copies of this transmission along with any attachments immediately.

You should not copy or use it for any purpose, nor disclose its contents to any other person.

From: "Gardiner, Jodie" <Jodie.Gardiner@act.gov.au>
Sent: 08/09/2023 5:34 AM
To: "Ellis, David" <David.Ellis@act.gov.au>
Cc: "Salisbury, Kim" <Kim.Salisbury@act.gov.au>
Subject: FW: Meeting with Dr Marisa Paterson on GP Payroll Tax
Attachments: Dr Marisa Paterson MLA_Copy of Letter .pdf

OFFICIAL

Hi David

Please see the attached ministerial regarding GP Payroll Tax.

Can you please advise if we will take this as information only or whether a response to the constituent will be drafted.

Thank you
Jodie

From: Treasury DLO <TreasuryDLO@act.gov.au>
Sent: Thursday, 7 September 2023 4:13 PM
To: CMTEDD MLO <CMTEDD.MLO@act.gov.au>
Cc: Gardiner, Jodie <Jodie.Gardiner@act.gov.au>; Ford, Blake <Blake.Ford@act.gov.au>
Subject: FW: Meeting with Dr Marisa Paterson on GP Payroll Tax

OFFICIAL

Hi MLO Team

New Ministerial please to put in TRIM for allocation to: ACTRO

Action required: for information and direct response to the constituent if deemed appropriate

Timing: N/a

Additional comments:

NOTE:

All briefing requiring a decision or assent by the Treasurer must be provided to the DLO no less than 5 business days before the critical date.

All correspondence is due to the CMO within 10 business days of this request. Where this timing cannot be met, advise the DLO ASAP and note that an interim email response must be drafted for the CMO to share with the correspondent within 5 business days of this request. This response should specify that the Directorate is considering this request, but it is more complex than would allow for a more timely reply to be provided. The interim response must specify an ETA for a final response on the part of the Minister, and approval for an extension beyond a 10-day turnaround should be sought from the relevant Deputy Under Treasurer.

For all correspondence, please include an email address for the recipient.

If this has been **allocated incorrectly**, or you **require input from another directorate**, please advise **ASAP**.

Regards

Kylie

From: Atkins, Brittany <Brittany.Atkins@act.gov.au>
Sent: Thursday, 7 September 2023 3:48 PM
To: Treasury DLO <TreasuryDLO@act.gov.au>
Cc: Khan, FaheemK <FaheemK.Khan@act.gov.au>; Cook, Michael <Michael.Cook@act.gov.au>
Subject: FW: Meeting with Dr Marisa Paterson on GP Payroll Tax

Hi Kylie

Could the attached letter please be provided to relevant officials for consideration. This was forwarded to me following a meeting with [REDACTED] and Dr Marisa Paterson MLA (as a local member). I undertook to provide this to officials for consideration. A formal response from the CM isnt required and I'll leave it up to officials to decide if they would like to respond directly to the matters raised in the letter.

It would be helpful if the relevant official (perhaps the office of the revenue commissioner?) could send an email letting [REDACTED] know that the CMO has brought her letter to the attention of officials. I understand that this constituent has an upcoming meeting with the Revenue Commissioner.

Thanks

Britt

Brittany Atkins
Office of Andrew Barr MLA
Chief Minister | Treasurer | Minister for Climate Action



Dr Marisa Paterson MLA
Member for Murrumbidgee
ACT Legislative Assembly

6th September, 2023

Dear Dr Paterson,

[REDACTED] and I have been closely following the developments regarding payroll tax and what are considered “relevant contracts” for several years now. The landscape has changed with the dismissal of the Thomas and Naaz case by the NSW Court of Appeal in March 2023, and the subsequent ruling clarifications of Victoria and NSW released in August. It is now evident that practices such as mine will need to look closely at their structures, and consider how to meet potential payroll tax liabilities for relevant contractors/tenants, in addition to existing employees.

[REDACTED] the article from The Canberra Times, wherein Mr Andrew Barr stated that he would conditionally exempt general practices from payroll tax liabilities for two years, in exchange for 65% of patient encounters being bulk billed. I was shocked and dismayed to read such a proposal, which is out of step with any other state and territory in Australia.

[REDACTED]

Since this time, I have been reading with dismay the narrative from Mr Barr. In particular, I was saddened to read that he believed GPs were making “wild accusations” in a pursuit to minimise tax, and moreover, that he believed it was “not unreasonable to expect general practices to bulk bill 65 per cent of services” (*Source: The Canberra Times, “Andrew Barr hits out at doctor lobby group over Canberra GP payroll tax debate”*). The comment that our protests are based on “frankly a lack of ambition in relation to bulk billing, an ambition that is achieved everywhere else” was particularly distressing. Mr Barr suggests that 65% bulk-billing was an achievable goal as his data shows that 65% of services were bulk billed in the first half of 2022. It is to this point, I now wish to speak.

For Mr Barr to cite the bulk billing figures that occurred during the Covid-19 pandemic as a standard we should be striving for is disingenuous and unrealistic in the ACT. There were a number of factors that influenced bulk billing rates during the pandemic, and this time cannot be extrapolated to “normal times” nor “normal business operations”.

Namely:

- Telehealth items were introduced in March 2020 in a direct response to the Covid 19 pandemic. It was mandatory to bulk-bill these item numbers until 1 October 2020. Many practices continued to bulk bill these item numbers for their own reasons, including significant financial hardship experienced by their patient base, and a very real need to protect their general practice workforce through use of telehealth as the main modality for consultations.
- [REDACTED]
We accepted face-to-face appointments at all times during the pandemic, but many [REDACTED] did not. Obviously, practices that moved to full telehealth would have a much higher bulk billing rate at that time.
- Covid 19 vaccination items, covid suitability assessments and covid bulk billing incentives were all compulsorily bulk billed. [REDACTED]
[REDACTED]
- Since Covid-19 boosters and vaccinations have slowed, [REDACTED]
[REDACTED] Neither of these figures of “normal” years are remotely close to a rate of 65% bulk billing as proposed by Mr Barr. Indeed, to do so would cause significant hardship to [REDACTED].
- Of additional note, [REDACTED]
[REDACTED] Other practices also relied on the “Job Keeper” stimulus for similar reasons.

In addition to my objections about the 65% bulk-billing “exemption”, there is a number of logistical and other considerations for general practice:


- If we place a defined levy on our patients (much like a credit card surcharge), we are no longer able to process Medicare rebates on patient’s behalf. This is because the main point of care claiming terminal (TYRO, which is the most popular one) would not be able to “talk” to Medicare with this additional item embedded. Practices would therefore not be able to facilitate a point of care rebate for patients, which represents a further financial impost on them. Possible work-arounds include two transactions, one for the Medicare rebateable items, and one for the levy. However, [REDACTED]
Another work-around would be for patients to claim directly with Medicare, but again, that is grossly inconvenient to them. There is no “clean” nor “transparent” way of implementing a state-based tax with the current Federal Medicare systems. We need time, infrastructure and the Federal and State systems to be compatible before we can become ‘tax-collecting centres’ for the Territory.
- It is against Medicare legislation to add any fees onto bulk-billed services, with the exception of vaccines. This means that the cost of the levy would be borne entirely by the patients who are privately billed. [REDACTED] At

other practices, it may differ. The amount of levy applied would be dependent on how many people you can legally apply it to, which is privately billed patients only. This means privately billed patients will be carrying an unfair additional burden of the payroll tax, as it is illegal to apply it to bulk billed patients due to Federal legislation. There is no “work around” in this situation without the Medicare legislation changing. I do not see how this is fair, and no amount of “triple bulk billing” will fix this inequality.


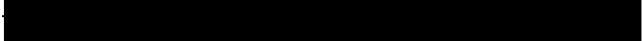
- There have been many “solutions” to payroll tax put forward, by all sorts of experts. These solutions have offered a myriad of different ways to address the problem. Practices will need to make their own informed decisions about the best approach. But please be assured that regardless of the solution chosen, this will come at an unnecessary cost to patients, as they must recoup the “solution costs” from somewhere. It seems unreasonable that patients will bear the burden of these “solutions”, regardless of whether a practice meets the threshold for PRT or not. Practices are using software to distribute money in different directions to be sure that they meet the “flow of funds” requirement from a payroll tax perspective. This arbitrary movement of money may not even be sufficient to meet the requirements for a non-relevant contract, but costs will go up regardless. It seems wherever there is a problem in general practice, there’s another expensive “innovation” to assist us. But what we really need is Local and Federal Govt consistency, cooperation and support. We really need time and clarity to work out what our practices look like from a tax perspective, and how that can possibly work logistically for our patients.

- [REDACTED]
- [REDACTED] this will mean that those patients will probably need to be absorbed into other nearby practices, increasing the likelihood that they will exceed the threshold, too. It’s not beyond the scope of imagination that all community practices will become so devalued with this move to tax independent GPs, that only the corporates will survive. I personally find that so distressing that local communities will lose their local practice that has cared for entire families... I can’t even think about it. [REDACTED]

- GPs are independent doctors. From their percentage of billings, they must pay tax, insurances, superannuation, medical memberships (RACGP for example), education, etc. They do not receive sick pay, holiday pay, long service leave, maternity leave. They work damn hard for their money. Practices work hard to support them. We do not have the profit margins to absorb these additional payroll tax costs, and GPs should not be expected to lose money. In what other industry are we publicly shaming a profession to reduce their income? And GPs, of all people. You have no idea how hard they work. They are my heroes.
- Private billing GPs give excellent value for money. [REDACTED]

- 
- GP Practices around Canberra worked so hard during Covid.
- 

It's hard to believe that this Pay Roll Tax issue is how practices are being rewarded after everything they did during the pandemic.

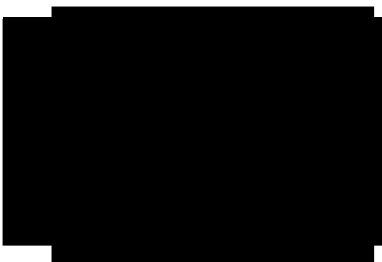
- General Practitioners are the most efficient, cost-effective and hard-working members of the healthcare sector. Canberra is undergoing a GP crisis, and the Labor Greens Govt positions are making this crisis worse.
- 
-  she is now reconsidering her profession as she feels so devalued by your government.

Please listen to general practice. The story is much more complicated than what you are suggesting and these rulings have resulted in significant distress to our practice communities, including our patients who deeply value our service.

If you will not exempt us, give us time to become tax compliant without fear of financial penalty. We are well aware that our tax liability is accruing while this debate takes place. We need the infrastructure to levy patients, we need software and Medicare compatibility, we need to ensure we have time to explain to our patients why their costs are increasing.

Please hit the pause button. Please show your respect and understanding to general practice. Please listen to us – it's our industry and we know it well. We are not being tax-dodgers or lack ambition. We work incredibly hard for an incredibly diverse patient population in a complex environment. We respectfully ask to be heard.

Yours sincerely,



From: "Treasury DLO" <TreasuryDLO@act.gov.au>
Sent: 11/09/2023 11:16 AM
To: "CMTEDD MLO" <CMTEDD.MLO@act.gov.au>
Cc: "Gardiner, Jodie" <Jodie.Gardiner@act.gov.au>
Subject: FW: General Practice - [REDACTED]
Attachments: politician letter barr.pdf
Categories: Lily

OFFICIAL

Hi MLO Team

New Ministerial please to put in TRIM for allocation to: ACTRO

Action required: CM Response

Timing: 25 September 2023

Additional comments:

NOTE:

All briefing requiring a decision or assent by the Treasurer must be provided to the DLO no less than 5 business days before the critical date.

All correspondence is due to the CMO within 10 business days of this request. Where this timing cannot be met, advise the DLO ASAP and note that an interim email response must be drafted for the CMO to share with the correspondent within 5 business days of this request. This response should specify that the Directorate is considering this request, but it is more complex than would allow for a more timely reply to be provided. The interim response must specify an ETA for a final response on the part of the Minister, and approval for an extension beyond a 10-day turnaround should be sought from the relevant Deputy Under Treasurer.

For all correspondence, please include an email address for the recipient.

If this has been **allocated incorrectly**, or you **require input from another directorate**, please advise **ASAP**.

Regards
Kylie

From: BARR <BARR@act.gov.au>
Sent: Monday, 11 September 2023 10:59 AM
To: Treasury DLO <TreasuryDLO@act.gov.au>
Subject: FW: General Practice

Hi Kylie,

Could we please have a CM response prepared on this one?

Thanks,
Rhys

From: [REDACTED]
Sent: Monday, 28 August 2023 11:54 AM
To: BARR Reception <BARR@act.gov.au>
Subject: General Practice

You don't often get email from [REDACTED] [Learn why this is important](#)

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](#)

Please find
letter
attached
Regards

[REDACTED]

Mr Andrew Barr
 Chief Minister
barr@act.gov.au

Chief Minister,

[REDACTED]

[REDACTED] The recent announcement of a tit-for-tat arrangement of a payroll tax amnesty in exchange for bulk billing shows an incredible lack of understanding of how general practices are run. The reason why payroll tax has come under discussion is the exact reason why this bulk billing blackmail won't work – [REDACTED]

I am also highly offended that there is this pressure frequently publicised in the media to bulk bill. It is impossible to run a general practice on bulk billing. [REDACTED] Medicare rebates are the patients' rebates that their government provides to them to assist in their health care. It is not, and never should be viewed as, payment to doctors. Despite this, [REDACTED]

[REDACTED] Since the initial introduction of universal health care, we have seen marked increases in the paperwork and red tape requirements, in patient expectations, and in medicolegal activity and thus costs. These flow on to now make bulk billing at current rates impossible. [REDACTED]

[REDACTED] Bulk billing is not.

Some argue that healthcare is vital and should be free to the consumer. So is housing. No one is insisting on plumbers and electricians, gas or electricity companies "bulk billing" their customers at less than half of what the service costs.



When demanding bulk billing, it is impossible to ignore the increasing costs to practices. In the last 12 months, consistent with the rising costs of living on a larger scale, [REDACTED] providers have increased their costs. This has come from every service [REDACTED] – medical software, IT services, phone and internet, shredding, medical consumables. These services are ones that practices cannot run without. Staff costs have also increased, [REDACTED]

[REDACTED] I am not sure how the ACT and Federal Governments expect practices to pay these costs?

[REDACTED]

The simple thing is that payroll tax and bulk billing are very different things and should not be in the same sentence.

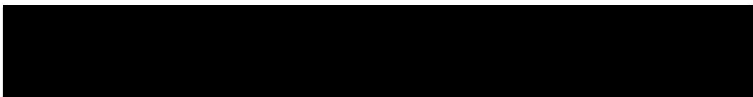
[REDACTED]



I implore you to listen to GPs and practice owners. We are not making millions by any stretch of the imagination. We are just trying to keep a viable service available to patients, and that viability is on a precipice.

I am happy to discuss this further with you. I encourage you to come and see what general practice is about, perhaps to listen to our patients who want us to keep the doors open.

Sincerely,



From: "Treasury DLO" <TreasuryDLO@act.gov.au>
Sent: 11/09/2023 11:14 AM
To: "CMTEDD MLO" <CMTEDD.MLO@act.gov.au>
Cc: "Gardiner, Jodie" <Jodie.Gardiner@act.gov.au>
Subject: FW: GP payroll tax - from the front line.
Categories: Kaye

OFFICIAL

Hi MLO Team

New Ministerial please to put in TRIM for allocation to: ACTRO

Action required: CM Response

Timing: 25 September 2023

Additional comments:

NOTE:

All briefing requiring a decision or assent by the Treasurer must be provided to the DLO no less than 5 business days before the critical date.

All correspondence is due to the CMO within 10 business days of this request. Where this timing cannot be met, advise the DLO ASAP and note that an interim email response must be drafted for the CMO to share with the correspondent within 5 business days of this request. This response should specify that the Directorate is considering this request, but it is more complex than would allow for a more timely reply to be provided. The interim response must specify an ETA for a final response on the part of the Minister, and approval for an extension beyond a 10-day turnaround should be sought from the relevant Deputy Under Treasurer.

For all correspondence, please include an email address for the recipient.

If this has been allocated incorrectly, or you require input from another directorate, please advise ASAP.

Regards
 Kylie

-----Original Message-----

From: BARR <BARR@act.gov.au>
 Sent: Monday, 11 September 2023 10:54 AM
 To: Treasury DLO <TreasuryDLO@act.gov.au>
 Subject: FW: GP payroll tax - from the front line.

Hey Kylie,

Could we please have a CM response prepared for this one?

Thanks,
 Rhys

-----Original Message-----

From: [REDACTED]
 Sent: Tuesday, 29 August 2023 6:16 AM
 To: BARR Reception <BARR@act.gov.au>
 Subject: GP payroll tax - from the front line.

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

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<<http://www.act.gov.au/emailsecurity>>

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.

[REDACTED]

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 [REDACTED] 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: [Treasury DLO](#)
To: [CMTEDD MLO](#)
Cc: [Gardiner, Jodie](#)
Subject: FW: GPs [REDACTED]
Date: Monday, 11 September 2023 11:21:47 AM

OFFICIAL

Hi MLO Team

New Ministerial please to put in TRIM for allocation to: ACTRO

Action required: Response

Timing: 25 September 2023

Additional comments:

NOTE:

All briefing requiring a decision or assent by the Treasurer must be provided to the DLO no less than 5 business days before the critical date.

All correspondence is due to the CMO within 10 business days of this request. Where this timing cannot be met, advise the DLO ASAP and note that an interim email response must be drafted for the CMO to share with the correspondent within 5 business days of this request. This response should specify that the Directorate is considering this request, but it is more complex than would allow for a more timely reply to be provided. The interim response must specify an ETA for a final response on the part of the Minister, and approval for an extension beyond a 10-day turnaround should be sought from the relevant Deputy Under Treasurer.

For all correspondence, please include an email address for the recipient.

If this has been allocated incorrectly, or you require input from another directorate, please advise ASAP.

Regards
Kylie

-----Original Message-----

From: BARR <BARR@act.gov.au>
Sent: Monday, 11 September 2023 11:01 AM
To: Treasury DLO <TreasuryDLO@act.gov.au>
Subject: FW: GPs

Hi Kylie,

Could we please have a CM response prepared on this one.

Thanks,
Rhys

-----Original Message-----

From: [REDACTED]
Sent: Monday, 4 September 2023 8:45 PM
To: andrew.barr@act.alp.org.au
Subject: GPs

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

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<<http://www.act.gov.au/emailsecurity>>

Hi Andrew,

[REDACTED]. Your recent announcement about payroll tax is disappointing. It's also nonsensical. [REDACTED] No one else can bill Medicare or patients [REDACTED] Despite being considered an employee, I'm not.

So to set a benchmark of 65% bulk billing to be exempt from payroll tax is linking two unrelated things [REDACTED]
[REDACTED]

This shows your deep lack of understanding about the healthcare system in general. Or maybe you do understand but you don't care. GPs care immensely about patients but [REDACTED] cannot afford to work for free. Bulk billing rebates often doesn't even cover the expense of providing a service. [REDACTED] care about public health but [REDACTED] are not a charity. It's disappointing, especially after the many many extra hours of work [REDACTED] done under extreme stressful conditions over the last few years.

The implementation of the GP payroll tax is a kick in the teeth for GPs, practice owners, and [REDACTED] patients. You've lost a lot of goodwill from our profession and you've put another nail in the coffin of equitable, accessible healthcare.

Kind regards,
[REDACTED]

Sent from my iPhone

From: "Treasury DLO" <TreasuryDLO@act.gov.au>
Sent: 11/09/2023 11:13 AM
To: "CMTEDD MLO" <CMTEDD.MLO@act.gov.au>
Cc: "Gardiner, Jodie" <Jodie.Gardiner@act.gov.au>
Subject: FW: Question for the ministers: Payroll tax for independent contractor GPs
Categories: Lily

OFFICIAL

Hi MLO Team

New Ministerial please to put in TRIM for allocation to: ACTRO

Action required: CM Response

Timing: 25 September 2023

Additional comments:

NOTE:

All briefing requiring a decision or assent by the Treasurer must be provided to the DLO no less than 5 business days before the critical date.

All correspondence is due to the CMO within 10 business days of this request. Where this timing cannot be met, advise the DLO ASAP and note that an interim email response must be drafted for the CMO to share with the correspondent within 5 business days of this request. This response should specify that the Directorate is considering this request, but it is more complex than would allow for a more timely reply to be provided. The interim response must specify an ETA for a final response on the part of the Minister, and approval for an extension beyond a 10-day turnaround should be sought from the relevant Deputy Under Treasurer.

For all correspondence, please include an email address for the recipient.

If this has been **allocated incorrectly**, or you **require input from another directorate**, please advise **ASAP**.

Regards
Kylie

From: BARR <BARR@act.gov.au>
Sent: Monday, 11 September 2023 10:42 AM
To: Treasury DLO <TreasuryDLO@act.gov.au>
Subject: FW: Question for the ministers: Payroll tax for independent contractor GPs

Morning Kylie,

Could we please have a CM response prepared on the below?

Thanks,
Rhys

From [REDACTED]
Sent: Tuesday, 29 August 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

You don't often get email from [REDACTED] [Learn why this is important](#)

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](#)

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? I receive no employee benefits. No annual leave. No sick leave. No superannuation. No long service leave. I must pay my taxes via PAYG directly.

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.

As a GP, I care deeply for the health and welfare of my 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: "Gardiner, Jodie"
Sent: 12/09/2023 1:27 PM
To: "Salisbury, Kim" <Kim.Salisbury@act.gov.au>
Subject: FW: FOR ACTION: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023
Attachments: 20230912 BRF Pvt Members Business GP Payroll tax.DOCX

OFFICIAL

Hi Kim

For your clearance.

Thank you
Jodie

From: Ellis, David <David.Ellis@act.gov.au>
Sent: Tuesday, 12 September 2023 1:25 PM
To: Salisbury, Kim <Kim.Salisbury@act.gov.au>; Gardiner, Jodie <Jodie.Gardiner@act.gov.au>
Subject: RE: FOR ACTION: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023

OFFICIAL

Thanks, this is in CMTEDD2023/4136 for clearance

From: Salisbury, Kim <Kim.Salisbury@act.gov.au>
Sent: Tuesday, 12 September 2023 10:53 AM
To: Ellis, David <David.Ellis@act.gov.au>; Gardiner, Jodie <Jodie.Gardiner@act.gov.au>
Subject: RE: FOR ACTION: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023

OFFICIAL

Probably should add that:

Detailed advice on the payroll tax waiver and amnesty is available on the ACTRO website including a revenue circular about the detailed operation of the payroll tax law to medical centres.

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: Ellis, David <David.Ellis@act.gov.au>
Sent: Tuesday, 12 September 2023 10:04 AM
To: Salisbury, Kim <Kim.Salisbury@act.gov.au>; Gardiner, Jodie <Jodie.Gardiner@act.gov.au>
Subject: RE: FOR ACTION: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023

OFFICIAL

Thanks, will put something together

From: Salisbury, Kim <Kim.Salisbury@act.gov.au>
Sent: Tuesday, 12 September 2023 10:01 AM

To: Gardiner, Jodie <Jodie.Gardiner@act.gov.au>; Ellis, David <David.Ellis@act.gov.au>

Subject: RE: FOR ACTION: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023

OFFICIAL

22 August 2023

Deputy Under Treasurer, Commissioner for ACT Revenue and Deputy Director-General Health met with representatives of the:

- AMA
- RACGP
- Australian GP Alliance

1 September 2023

Deputy Under Treasurer and Commissioner for ACT Revenue met with representatives of the

- AMA and a number of GP medical centre owners.

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: Gardiner, Jodie <Jodie.Gardiner@act.gov.au>

Sent: Tuesday, 12 September 2023 9:36 AM

To: Ellis, David <David.Ellis@act.gov.au>; Salisbury, Kim <Kim.Salisbury@act.gov.au>

Subject: FW: FOR ACTION: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023

Importance: High

OFFICIAL

Hi Kim/David

CMO are looking for dot points on dates and timing of latest consultations with relevant peaks for Wednesday's motion.

Regards

Jodie

From: Treasury DLO <TreasuryDLO@act.gov.au>

Sent: Tuesday, 12 September 2023 9:34 AM

To: Gardiner, Jodie <Jodie.Gardiner@act.gov.au>

Cc: Treasury Coord <TreasuryCoord@act.gov.au>

Subject: FW: FOR ACTION: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023

Importance: High

OFFICIAL

Hi Jodie

For the PMB can ACTRO please provide some dot points on dates and timing of latest consultations with relevant peaks. CMO have all the other information already

Thanks

Kylie

From: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Sent: Tuesday, 12 September 2023 9:27 AM
To: Treasury DLO <TreasuryDLO@act.gov.au>
Cc: Atkins, Brittany <Brittany.Atkins@act.gov.au>
Subject: RE: FOR ACTION: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023

Thanks Kylie.

Suspect at most a couple of dot points updating on dates and timing of latest consultations with relevant peaks would be sufficient. I think we have the rest of the information needed.

Britt will lead on this PMB and will come back to you if anything else is needed.

Faheem

Faheem Khan


From: Treasury DLO <TreasuryDLO@act.gov.au>
Sent: Tuesday, 12 September 2023 8:23 AM
To: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Cc: Atkins, Brittany <Brittany.Atkins@act.gov.au>
Subject: FW: FOR ACTION: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023

OFFICIAL

Hi Faheem

Can you please let me know what you would like from Tsy for this motion?

Many thanks
Kylie

From: CMTEDD, Assembly Coordination <AssemblyCoordination@act.gov.au>
Sent: Monday, 11 September 2023 6:07 PM
To: Treasury Coord <TreasuryCoord@act.gov.au>
Cc: Treasury DLO <TreasuryDLO@act.gov.au>
Subject: FOR ACTION: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023

OFFICIAL

Good evening

The Treasurer is leading the response to Elizabeth Lee's motion 'GP Payroll Tax' on **Wednesday, 13 September 2023**.

Please liaise with the Treasury DLO for Minister's office timeframes/requirements and save any information i.e. dot points/emails/speeches in the attached TRIM container.

If this has been sent to the incorrect business unit within CMTEDD, please advise as soon as possible so that it can be redirected.

Thanks in advance.

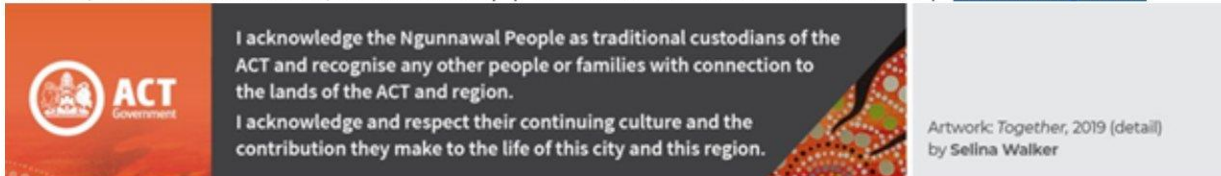
Rachel

Rachel Gilks | Acting Director, Assembly Coordination

Phone: Via TEAMS or 02 6207 6472 | Email: assemblycoordination@act.gov.au

Cabinet, Assembly and Government Business | Chief Minister, Treasury and Economic Development Directorate | ACT Government

Level 5, 220 London Circuit, Canberra City | GPO Box 158 Canberra ACT 2601 | www.act.gov.au





Chief Minister, Treasury and Economic Development Directorate

UNCLASSIFIED

To: Treasurer

Tracking No.: CMTEDD2023/4136

Date: 12 September 2023

CC: [Click here to enter text.](#)

From: Executive Group Manager, Revenue Management Division

Subject: Private Members Business – Payroll tax and General Practitioners

Critical Date: [Click here to enter text.](#)

Critical Reason: [Click here to enter text.](#)

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

Recommendations

That you:

1. Note the information contained in this brief;

Noted / Please Discuss

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

Minister’s Office Feedback

UNCLASSIFIED

UNCLASSIFIED

Background

1. Elizabeth Lee, MLA has listed for private members business on Wednesday 13 September 2023 feedback from individual general practitioners and medical associations regarding payroll tax and calls on "...the ACT Labor-Greens Government to listen to these local GPs, practice owners, practice staff and GP groups and exempt general practice from the new interpretation of payroll tax that applies to contractor GPs." (Attachment A).

Issues

2. The contractor provisions are not new, and there have been no recent changes to these provisions. The Government has not introduced a new tax on medical practices, and medical centres are treated the same way as any other businesses operating in the ACT for payroll tax purposes.
3. The recent interpretation in the NSW Courts regarding a general practice business is consistent with numerous previous court decisions – there has been no new interpretation.
4. Following the Government response to ACT Legislative Assembly motion of 10 May 2023 *Payroll tax exemption proposal – General Practices*, there has been the following meetings with industry stakeholders:
 - a. On 22 August 2023, the Deputy Under Treasurer, Commissioner for ACT Revenue and Deputy Director-General Health met with representatives of the Australian Medical Association, the Royal Australian College of General Practitioners, and the Australian GP Alliance.
 - b. On 1 September 2023, the Deputy Under Treasurer and Commissioner for ACT Revenue met with representatives of the Australian Medical Association and a number of GP medical centre owners.
5. The following information has been placed on the ACT Revenue website:
 - a. Detailed advice on the payroll tax waiver and amnesty for payments to general practitioners; and
 - b. A revenue circular about the operation of the payroll tax law to medical centres – this ruling is harmonized with those issued by other jurisdictions.

Signatory Name: Kim Salisbury

Phone: 6207 0010

Action Officer: David Ellis

Phone: 6205 4811

UNCLASSIFIED

Tracking No.: CMTEDD2023/4136

UNCLASSIFIED

Attachments

Attachment	Title
Attachment A	Private members business motion

UNCLASSIFIED

Wednesday, 13 September 2023

PRIVATE MEMBERS' BUSINESS

Notices

*4MS LEE: To move—That this Assembly:

- (1) notes the following recent comments made by local general practitioners (GPs), practice owners and practice staff in relation to the decision by the ACT Labor-Greens Government to impose the general practitioner (GP) payroll tax:
 - (a) “So, I don’t think that there will be any choice for me but to impose a new payroll tax levy on the patients in my practice. The only question is exactly how large a levy we impose and when we put it in place.”;
 - (b) “...the ACT Government’s new tax is a tax on patients. GPs will have no choice but to raise their fees...”;
 - (c) “The ACT Government’s decision to impose additional payroll tax on GPs has left many worrying how they will keep their doors open...”;
 - (d) “GPs are forced to choose between their conscience and their income in a way no high-minded politician or public servant has to do.”;
 - (e) “There are 10 practices currently paying it but a majority of practices will be paying it if GP payments are included in the figures that make us liable for payroll tax.”;
 - (f) “I urge Mr Barr to meet with practice managers and owners, like me, in order for him to understand that his figure of 65% bulk-billing is not achievable for my practice. If mandated to do this, our practice would most likely close down.”;
 - (g) “I have it on good assurance that many GPs are so distressed by developments that they are looking at leaving the profession, or altering their workloads.”;
 - (h) “...It will be absolutely devastating for the community if one of their local practices are forced to close, and GPs leave town...”;
 - (i) “While GPs are strongly committed to ensuring equitable access to healthcare, the introduction of a new tax for General Practices will inevitably limit their ability to provide healthcare services at a reduced cost through bulk billing. This means that some people are unable to see their GP because they cannot be bulk billed.”;

UNCLASSIFIED

UNCLASSIFIED

- (j) “Thousands of ACT patients will be affected by the new tax. In meeting after meeting, GPs have been telling the ACT Government exactly this.”; and
 - (k) “The idea from Mr Barr that GPs ‘lack motivation’ to do anything, let alone bulk bill is absolutely outrageous. The amount of extra labour we do at no cost to the patient or the state and federal government should be commended. Mr Barr’s rhetoric is ill-intentioned, ill-judged and continues to damage morale.”;
- (2) further notes the following comments by The Royal Australian College of General Practitioners and the Australian Medical Association ACT on 27 August 2023:
- (a) “It would not be possible for us to bulk bill 65% of patients and stay financially viable, even with the triple bulk incentives, which are only applied to pensioners, children and healthcare card holders. The ACT Government’s policy is out of step with other jurisdictions and will not encourage GPs to work in the ACT, it will have quite the opposite effect.”; and
 - (b) “I’m calling on the government to come back to the table to consult with GPs and find a real solution before it’s too late.”;
- (3) further notes the following comments by Dr Walter Abhayaratna in *The Canberra Times* on 11 September 2023:
- (a) “The Barr Government’s decision to impose a new payroll tax on GPs is the latest assault on a primary care sector already on its knees.”;
 - (b) “Unfortunately, all the evidence points to GP access problems getting worse in Canberra, right at the time when chronic disease rates are rising with our ageing population.”;
 - (c) “Into this setting, the ACT Government has lobbed its payroll tax grenade...”;
 - (d) “The ACT Government should be frantically trying to stimulate general practice in the territory, knowing GP-led care is vastly more efficient than caring for patients in hospital, where the cost of care is exponentially greater per occasion of service.”; and
 - (e) “Instead, it is bent on a policy that will make the ACT one of the least favourable places in Australia to practice as a GP.”; and
- (4) calls on the ACT Labor-Greens Government to listen to these local GPs, practice owners, practice staff and GP groups and exempt general practice from the new interpretation of payroll tax that applies to contractor GPs.

UNCLASSIFIED

From: "Treasury DLO" <TreasuryDLO@act.gov.au>
Sent: 13/09/2023 10:55 AM
To: "Ellis, David" <David.Ellis@act.gov.au>; "Salisbury, Kim" <Kim.Salisbury@act.gov.au>
Cc: "Gardiner, Jodie" <Jodie.Gardiner@act.gov.au>; "Ford, Blake" <Blake.Ford@act.gov.au>; "Hocking, Stuart" <Stuart.Hocking@act.gov.au>; "Miners, Stephen" <Stephen.Miners@act.gov.au>
Subject: FW: URGENT: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023
Attachments: Lee PMB - Treasurer Amendment Final .docx

OFFICIAL

Hi David and Kim

Thanks for your input – please see attached the amendment that will be put forward by the CM.

No further action required.

Thanks

Kylie

From: Atkins, Brittany <Brittany.Atkins@act.gov.au>
Sent: Wednesday, 13 September 2023 10:51 AM
To: Treasury DLO <TreasuryDLO@act.gov.au>
Subject: RE: URGENT: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023

Thanks Kylie – for awareness see attached amendment that the Treasurer will move

From: Treasury DLO <TreasuryDLO@act.gov.au>
Sent: Wednesday, 13 September 2023 10:45 AM
To: Atkins, Brittany <Brittany.Atkins@act.gov.au>
Subject: URGENT: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023
Importance: High

OFFICIAL

Hi Britt – for some reason ACTRO have provided their input as a brief – I have left the word version in the container for you to copy and paste from if required.

<L:\Barr\DLO\00. CM Sign\Britt\URGENT - TSY INPUT - PMB GP Payroll Tax input for today 23-4112>

Thanks

Kylie

From: Treasury Coord <TreasuryCoord@act.gov.au>
Sent: Wednesday, 13 September 2023 10:37 AM
To: Treasury DLO <TreasuryDLO@act.gov.au>
Subject: RE: FOR ACTION: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023

OFFICIAL

I know. Stuart has just cleared it so it's ready for Britt now.

Thanks

Narelle Cross

Coordination Manager

Phone: +61 2 6205 2093 | Email: narelle.cross@act.gov.au**Office of The Under Treasurer** | Chief Minister, Treasury and Economic Development Directorate | **ACT Government**Level 1, 220 London Circuit | GPO Box 158, Canberra ACT 2601 | www.act.gov.au*Please note I currently work 9:30am-2:30pm Mon-Thurs and 9am-2pm Fri.**Managing work flexibly – I may send and respond to emails out of hours – there is no expectation on you to do the same.*

From: Treasury Coord <TreasuryCoord@act.gov.au>**Sent:** Wednesday, 13 September 2023 10:18 AM**To:** Treasury DLO <TreasuryDLO@act.gov.au>**Subject:** RE: FOR ACTION: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023**OFFICIAL**

Hi Kylie

FYI - ACTRO prepared a brief for the required dot points. It's saved in the attached linked TRIM container (CMTEDD2023/4112). It's been cleared by Kim and Stephen and is currently sitting with Stuart for approval.

Kind Regards

Narelle Cross

Coordination Manager

Phone: +61 2 6205 2093 | Email: narelle.cross@act.gov.au**Office of The Under Treasurer** | Chief Minister, Treasury and Economic Development Directorate | **ACT Government**Level 1, 220 London Circuit | GPO Box 158, Canberra ACT 2601 | www.act.gov.au*Please note I currently work 9:30am-2:30pm Mon-Thurs and 9am-2pm Fri.**Managing work flexibly – I may send and respond to emails out of hours – there is no expectation on you to do the same.*

From: Treasury DLO <TreasuryDLO@act.gov.au>**Sent:** Tuesday, 12 September 2023 9:34 AM**To:** Gardiner, Jodie <Jodie.Gardiner@act.gov.au>**Cc:** Treasury Coord <TreasuryCoord@act.gov.au>**Subject:** FW: FOR ACTION: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023**Importance:** High**OFFICIAL**

Hi Jodie

For the PMB can ACTRO please provide some dot points on dates and timing of latest consultations with relevant peaks. CMO have all the other information already

Thanks

Kylie

From: Khan, FaheemK <FaheemK.Khan@act.gov.au>**Sent:** Tuesday, 12 September 2023 9:27 AM**To:** Treasury DLO <TreasuryDLO@act.gov.au>**Cc:** Atkins, Brittany <Brittany.Atkins@act.gov.au>**Subject:** RE: FOR ACTION: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023

Thanks Kylie.

Suspect at most a couple of dot points updating on dates and timing of latest consultations with relevant peaks would be sufficient. I think we have the rest of the information needed.

Britt will lead on this PMB and will come back to you if anything else is needed.

Faheem

Faheem Khan

From: Treasury DLO <TreasuryDLO@act.gov.au>
Sent: Tuesday, 12 September 2023 8:23 AM
To: Khan, FaheemK <FaheemK.Khan@act.gov.au>
Cc: Atkins, Brittany <Brittany.Atkins@act.gov.au>
Subject: FW: FOR ACTION: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023

OFFICIAL

Hi Faheem

Can you please let me know what you would like from Tsy for this motion?

Many thanks
Kylie

From: CMTEDD, Assembly Coordination <AssemblyCoordination@act.gov.au>
Sent: Monday, 11 September 2023 6:07 PM
To: Treasury Coord <TreasuryCoord@act.gov.au>
Cc: Treasury DLO <TreasuryDLO@act.gov.au>
Subject: FOR ACTION: Private Members Business No 4. LEE - GP Payroll Tax - 13 September 2023

OFFICIAL

Good evening

The Treasurer is leading the response to Elizabeth Lee's motion 'GP Payroll Tax' on **Wednesday, 13 September 2023**.


Please liaise with the Treasury DLO for Minister's office timeframes/requirements and save any information i.e. dot points/emails/speeches in the attached TRIM container.

If this has been sent to the incorrect business unit within CMTEDD, please advise as soon as possible so that it can be redirected.


Thanks in advance.

Rachel

Rachel Gilks | Acting Director, Assembly Coordination
Phone: Via TEAMS or 02 6207 6472 | Email: assemblycoordination@act.gov.au
Cabinet, Assembly and Government Business | Chief Minister, Treasury and Economic Development Directorate | ACT Government



I acknowledge the Ngunnawal People as traditional custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region.
I acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region.



Artwork: *Together*, 2019 (detail)
by Selina Walker

**LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

Amendment

Private Members' Business Notice No. 4
Motion by Ms Lee

Omit all after "That this Assembly:" and substitute:

(1) Notes:

- a. recent comments by the Australian Medical Association ACT, RAGCP, local GPs and practice owners regarding a NSW Supreme Court ruling (Thomas and Naaz 2022) confirming that medical centres with a payroll over the threshold set in each State and Territory are liable for payroll tax on relevant contracts;
- b. that the NSW Supreme Court upheld a September 2021 NSW Civil and Administrative Tribunal decision on the same matter, which was in turn based on a precedent established in Victoria in 2018; and
- c. that these decisions have been reflected in identical Revenue Office rulings across a number of jurisdictions.

(2) Reiterates key facts noted by this Assembly in June regarding the ACT and nationally harmonised payroll tax regimes, including that:

- a. Payroll tax is payable by employers on all taxable wages paid to their employees.
- b. Payments to contractors who provide services to a business under a relevant contract are considered taxable wages under the *Payroll Tax Act 2011*.
- c. The ACT has the highest payroll tax threshold of all States and Territories, meaning all businesses operating in the ACT pay no payroll tax when their payroll is under \$2 million, and only pay payroll tax on the quantum over \$2 million;
- d. There has been no change to ACT legislation regarding the application of the contractor provisions, and for many medical practices (those with a payroll under \$2 million) there will be no financial impact; and
- e. Some GP clinics are registered and have already been paying payroll tax in the ACT for a long period of time.

(3) Notes that bulk billing rates in the ACT:

- a. Are the lowest in the nation, and currently sit at 56% of services, compared with every other jurisdiction and every other primary health network region, which are above 70 per cent;

- b. Have declined over the past few years as the Federal Coalition Government maintained a freeze on Medicare rebates, making bulk-billing practices less viable, after having increased to more than 70% between 2018 to 2021; and
- c. Are influenced by a number of factors including, but not limited to, the ACT having the lowest number of GPs per capita compared to any other capital city in Australia, and the relative wealth and income of ACT households on average when compared to other jurisdictions.

(4) Further notes that the ACT Government is supporting medical practices by:

- a. Guaranteeing no retrospective assessment and collection of payroll tax debts that would otherwise be payable under the existing policy settings that have been confirmed through successive Tribunal and Court decisions;
- b. Providing a two-year moratorium on payment of payroll tax on relevant GP contracts for medical centres where at least 65 per cent of eligible services are bulk billed; and
- c. Ensuring the ACT Revenue Commissioner and Office are available for individual GP and representative association meetings to discuss specific corporate structures and arrangements, so that any tax liability can be accurately understood.

(5) Additionally notes that the Federal Labor Government's 2023-24 Budget:

- a. Triples the bulk billing incentive for most common consultations with children under 16, pensioners and other Commonwealth concession card holders, better supporting GPs to bulk bill around 157,000 eligible people at the 105 practices already providing bulk billing in the ACT, commencing on 1 November 2023; and
- b. Significantly reduces costs for general patients by up to \$180 a year if their medicine is able to be prescribed for 60 days.

(6) Calls on the ACT Government to:

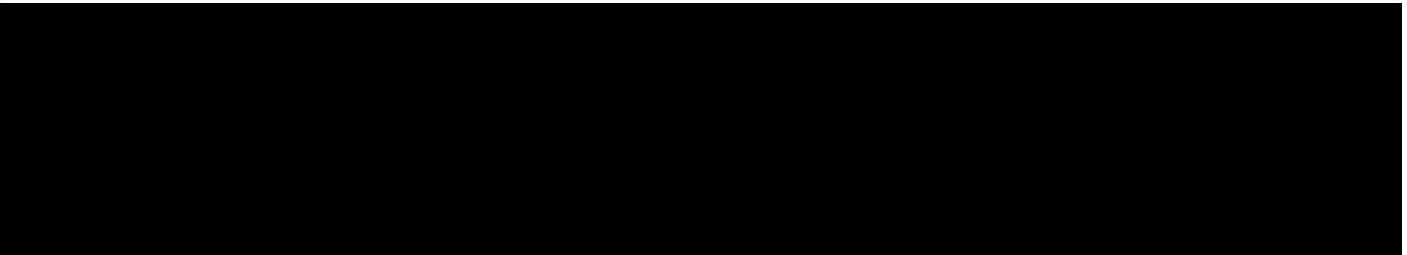
- a. Continue to engage with GPs, practice owners and representative associations on the application of payroll tax liability to medical centres operating in the ACT that engage GPs through relevant contracts and exceed the \$2 million threshold; and
- b. Before 30 May 2024, update the Assembly, using the most up to date quarterly data available, on the rate of bulk billing in the ACT.

*Andrew Barr MLA
Chief Minister*

From: "Khan, FaheemK" <FaheemK.Khan@act.gov.au>
Sent: 14/09/2023 4:52 PM
To: "Miners, Stephen" <Stephen.Miners@act.gov.au>; "Salisbury, Kim" <Kim.Salisbury@act.gov.au>; "Atkins, Brittany" <Brittany.Atkins@act.gov.au>
Cc: "Hocking, Stuart" <Stuart.Hocking@act.gov.au>; "Ellis, David" <David.Ellis@act.gov.au>; "Cook, Michael" <Michael.Cook@act.gov.au>
Subject: RE: new Queensland GP concessions

FYI I had a call from the QLD Tsr's office.

I tested with him that our understanding was that the QLD *decision* meant:



The ruling I believe will be issued next week. Assume you will be having further discussions with the QLD Revenue office. Also please note the below news article.

<https://www.brisbanetimes.com.au/politics/queensland/healthy-respect-for-ruling-on-gp-payroll-tax-changes-20230914-p5e4qd.html>

Faheem Khan

From: Khan, FaheemK
Sent: Thursday, 14 September 2023 12:21 PM
To: Miners, Stephen <Stephen.Miners@act.gov.au>; Salisbury, Kim <Kim.Salisbury@act.gov.au>; Atkins, Brittany <Brittany.Atkins@act.gov.au>
Cc: Hocking, Stuart <Stuart.Hocking@act.gov.au>; Ellis, David <David.Ellis@act.gov.au>
Subject: RE: new Queensland GP concessions

If we could get further advice once you've reviewed fully and have a copy of the statement that would be appreciated.

Faheem

Faheem Khan

From: Miners, Stephen <Stephen.Miners@act.gov.au>
Sent: Thursday, 14 September 2023 12:12 PM
To: Salisbury, Kim <Kim.Salisbury@act.gov.au>; Khan, FaheemK <FaheemK.Khan@act.gov.au>; Atkins, Brittany <Brittany.Atkins@act.gov.au>
Cc: Hocking, Stuart <Stuart.Hocking@act.gov.au>; Ellis, David <David.Ellis@act.gov.au>
Subject: RE: new Queensland GP concessions

UNOFFICIAL

Thanks Kim – not especially helpful from Qld.

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

Sent: Thursday, 14 September 2023 11:50 AM

To: Khan, FaheemK <FaheemK.Khan@act.gov.au>; Atkins, Brittany <Brittany.Atkins@act.gov.au>

Cc: Hocking, Stuart <Stuart.Hocking@act.gov.au>; Miners, Stephen <Stephen.Miners@act.gov.au>; Ellis, David <David.Ellis@act.gov.au>


Subject: new Queensland GP concessions

UNOFFICIAL

I'm aware that the Queensland Treasurer is making a statement today providing further concessions to Queensland GPs.

It will exclude GP remuneration if the GP bills clients directly. This is a reversal on the position in the current Queensland Revenue circular (and that of other jurisdictions, including the ACT) and provides an easy pathway for payroll tax to be avoided.

It also has broader implications for payroll administration including for other medical professionals.


We can expect intense lobbying for other jurisdictions to follow Queensland.

This is now being reported by the media.

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: "STEEL" <STEEL@act.gov.au>
Sent: 14/09/2023 12:59 PM
To: "BARR" <BARR@act.gov.au>
Subject: REFERRAL: GP petition form
Attachments: 20230913_180845.jpg

Hey Rhys,

One for you?

Many thanks,
Tee

From: [REDACTED]
Sent: Thursday, 14 September 2023 1:05 PM
To: STEEL <STEEL@act.gov.au>
Subject: GP petition form

You don't often get email from [REDACTED] [Learn why this is important](#)

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](#)

Good afternoon,
Please find attached

form regarding the proposed pay roll tax on independent GPs.
I want to highlight that health is a necessity and not a luxury.

Thank you.
Kind regards,

[REDACTED]

Jeremy Hanson (Liberals)

hanson@parliament.act.gov.au

GPO Box 1020

Canberra ACT 2601

Ph: (02) 6205 0133

Emma Davidson (Greens)

davidson@act.gov.au

GPO Box 1020

Canberra ACT 2601

Ph: (02) 6205 1941

Date:

Dear Mr/Ms Chris Steel,

I'm a patient of [REDACTED]

I have noticed over the last few years that it is becoming harder and more expensive to see a GP – let alone get an appointment with my preferred GP. My practice now tells me that these costs need to increase again due to Pay Roll Tax on independent GPs.

I value my GP and GP clinic for the following reasons:

Finding a good GP is essential to good health, even
more so in recent times where people are getting more
sick physically and mentally. I see it all the time [REDACTED]
[REDACTED] if someone does not have a regular GP
they get lost in the system and health declines. More and more
people cannot afford a GP, and if prices increase our hospitals
will continue to suffer the impact - bed blocks and turning patients
away, this is only the tip of the iceberg. Our GPs are essential, ~~not~~
As the member for Murrumbidgee I urge you to do everything within your power to exempt not a
contractor GP earnings from payroll tax. I support my local practice and they support me. luxury.

General Practices deserve ACT Government support, too.

Regards,

[REDACTED]

From: "STEEL" <STEEL@act.gov.au>
Sent: 14/09/2023 1:29 PM
To: "BARR" <BARR@act.gov.au>
Subject: REFERRAL: Letter from [REDACTED]
Attachments: [REDACTED]letter.pdf

Hi Rhys,

Another for you?

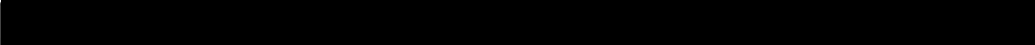

Many thanks,
Tee

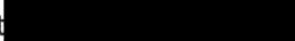


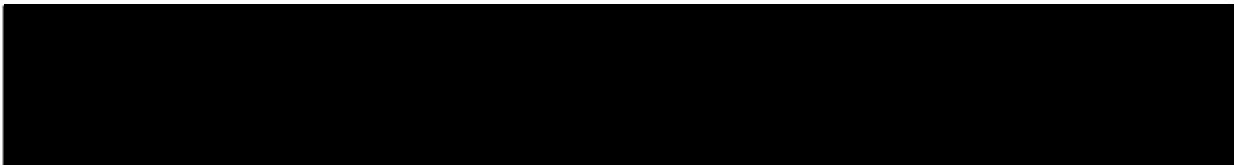
11 September 2023

Mr Chris Steel
ACT Legislative Assembly
GPO Box 1020
CANBERRA ACT 2601

Dear Minister,

 Over that time it has become much harder and far more expensive to see a GP.  which can prove to be a problem as one cannot always plan for illness. However, I value my GP and the professional continuity of care offered by this practice and have no desire to become part of the conveyor belt model offered at bulk-billing clinics. (This is not a reflection on the hard-working medicos and staff at those clinics ... they can work only within the bounds of funds and time available.)

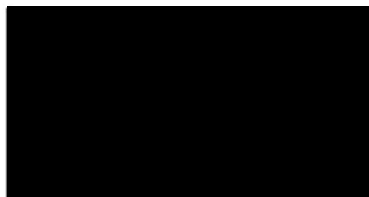
This morning I was informed that the cost of a consultation at  will need to increase again due to Payroll Tax on independent GPs. The imposition of this tax is an assault on the bedrock of our health system. Also, it will be an added strain on the already overworked, overcrowded Emergency Department at the Canberra Hospital.



As a current Labor member for Murrumbidgee I urge you to do everything within your power to exempt contractor GP earnings from payroll tax.

Thank you.

Yours sincerely,



From: [REDACTED]
Sent: 16/09/2023 6:35 PM
To: "BARR" <BARR@act.gov.au>
Cc: "AMA ACT President" <president@ama-act.com.au>; "Khan, FaheemK" <FaheemK.Khan@act.gov.au>
Subject: AMA ACT Correspondence - [REDACTED]
Attachments: CM Andrew Barr - Joint Collaboration on Data Collection for ACT General Practice - Final - 160923.pdf
Categories: MC;Awaiting information

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](#)

Dear Chief Minister

Please find attached correspondence from [REDACTED]

For updates and information on COVID-19 and other important matters, please check our websites www.ama.com.au/act and www.ama.com.au like us on Facebook @amaactbranch and follow us on Twitter @AMA_ACT

[REDACTED]
Chief Executive Officer
AMA (ACT) Limited
Phone - 02 6270 5410
Fax - 02 6273 0455
E-mail - execofficer@ama-act.com.au
Web - www.ama.com.au/act
Twitter - @AMA_ACT



AMA
(ACT) LIMITED

DRS4DRS ACT
Australian Capital Territory



AUSTRALIAN MEDICAL ASSOCIATION (ACT) LIMITED

PO Box 560 CURTIN ACT 2605

P | 02 6270 5410

F | 02 6273 0455

E | reception@ama-act.com.au

W | www.ama-act.com.au

**Andrew Barr MLA
ACT Chief Minister,
Treasurer, Minister for Climate Action,
Economic Development and Tourism
ACT Legislative Assembly
London Circuit
City ACT 2601**

16 September 2023

By email: barr@act.gov.au

Dear Chief Minister

I refer to recent discussions with Ms Rebecca Cross, Director General ACT Health Directorate, concerning general practitioner bulk billing rates in the ACT. I particularly refer to a proposal, in broad terms, for the ACT Health Directorate, AMA ACT, RACGP, GPs and practice owners to collaborate on data collection and analysis of current bulk billing rates by practice, and the factors that contribute to make those rates different to the rest of Australia.

In our view, a collaboration of this type would provide a significantly better understanding of the issues around the ongoing viability of general practice in the ACT. This better understanding would likewise assist when examining the issues of GP workforce, the training of GP Registrars, and any potential impacts on ACT public hospital emergency departments and the demand on outpatient clinics.

Collecting and analysing this data will give all parties valuable insights into the impact of potential changes to the cost-base of practices from fiscal or other policy measures including the recently announced changes to payroll tax for medical centres. While this latter issue is of immediate importance, we believe a better understanding of general practice will benefit all parties involved in the proposed collaboration.

'Leading Canberra's doctors in advancing the health and wellbeing of our community.'

We believe that we have a shared objective with the ACT government to improve the quality of healthcare in the ACT by maximising equity, efficiency and value whilst improving consumer and provider experience throughout the healthcare ecosystem in the ACT. Accordingly, we wish to mitigate the risk of perpetuating the dynamic of 'accidental adversaries' by creating a forum for ongoing dialogue that is informed with data and enriched with narrative.

For these reasons we also see value in extending the exemption from payroll tax for general practice beyond the current 30 June 2023 for a period of two years ending on 30 June 2025, to enable us the time to build trust together and to develop an increased and shared understanding of our healthcare system.

We are available at short notice to provide further information or respond to any questions you may have.

Yours sincerely



**President
Australian Medical Association (ACT) Limited**

From: "STEEL" <STEEL@act.gov.au>
Sent: 19/09/2023 3:32 PM
To: "BARR" <BARR@act.gov.au>
Subject: REFERRAL: EFFECTS OF PAYROLL TAX ON GP PRACTICES
Attachments: ACT Govt Medical Practice Tax 2023.pdf

Hi Rhys,

One for you?

Many thanks,
Tee

From: [REDACTED]
Sent: Tuesday, 19 September 2023 3:15 PM
Subject: EFFECTS OF PAYROLL TAX ON GP PRACTICES

Date: 15 SEP 23

155

Dear ~~Mr/Ms~~ Mette of ACT Government.

I'm a patient of [REDACTED]

I have noticed over the last few years that it is becoming harder and more expensive to see a GP – let alone get an appointment with my preferred GP. My practice now tells me that these costs need to increase again due to Pay Roll Tax on independent GPs.

I value my GP and GP clinic for the following reasons:

The lack of prior consultation with GPs or AMA
was arrogant.

The pressure that this tax will place on
ED, walk-in clinics, hospital doctors and
less-affluent members of the public is unthinking
and unfair. All-in-all, it's a mess!!

[REDACTED] do everything within your power to exempt contractor GP earnings from payroll tax. I support my local practice and they support me.

General Practices deserve ACT Government support, too.

Regards

[REDACTED]

From: "STEEL" <STEEL@act.gov.au>
Sent: 20/09/2023 2:34 PM
To: "BARR" <BARR@act.gov.au>
Subject: Letters about [REDACTED]
Attachments: scan_teleatha_holohan_2023-09-20-14-32-01.pdf

Hi Rhys,

Another for you.

Thanks,
Tee

Teleatha Holohan

Office Manager

Office of Chris Steel MLA

Labor Member for Murrumbidgee

Minister for Transport and City Services

Minister for Skills

Special Minister of State

ACT Legislative Assembly

www.chrissteel.com.au



ACT
Government



Chris Steel (Labor)
steel@act.gov.au
GPO Box 1020
Canberra ACT 2601
Ph: (02) 6205 1470

Marisa Paterson (Labor)
paterson@parliament.act.gov.au
GPO Box 1020
Canberra ACT 2601
Ph: (02) 6205 1448

Ed Cocks (Liberals)
ed@parliament.act.gov.au
GPO Box 1020
Canberra ACT 2601
Ph: (02) 6205 0234

Jeremy Hanson (Liberals)
hanson@parliament.act.gov.au
GPO Box 1020
Canberra ACT 2601
Ph: (02) 6205 0133

Emma Davidson (Greens)
davidson@act.gov.au
GPO Box 1020
Canberra ACT 2601
Ph: (02) 6205 1941

Date: 18 September 2023.

Dear Mr/Ms Chris Steel

I'm a patient of [redacted]

I have noticed over the last few years that it is becoming harder and more expensive to see a GP – let alone get an appointment with my preferred GP. My practice now tells me that these costs need to increase again due to Pay Roll Tax on independent GPs.

I value my GP and GP clinic for the following reasons:

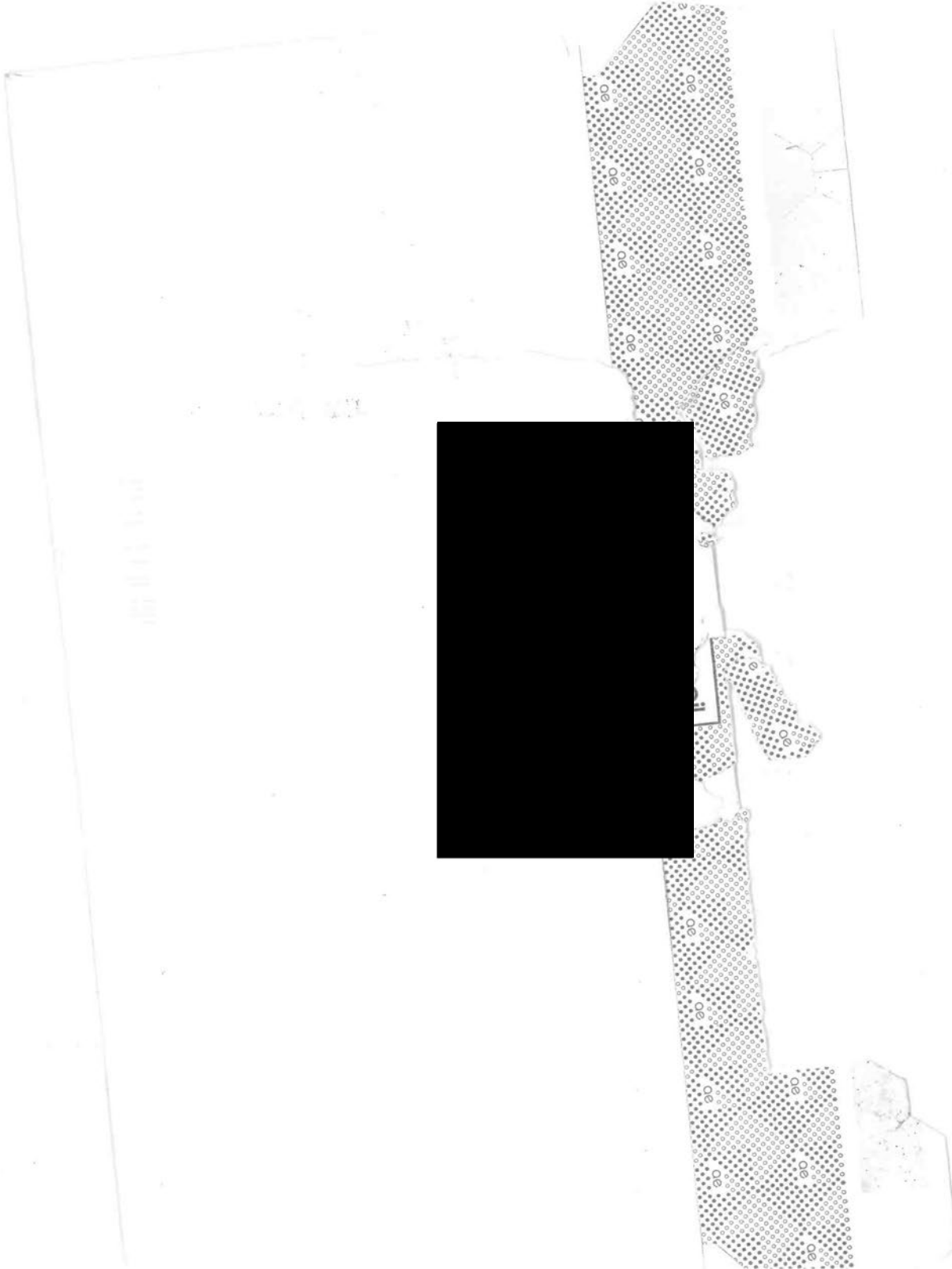
We, [redacted] of the above named Practice
[redacted] The service we receive
from our regular Doctor is excellent. We also
are 'bulk billed' unless it is for a 'particular
service'. Greatly appreciated, as [redacted]

As the member for Murrumbidgee I urge you to do everything within your power to exempt contractor GP earnings from payroll tax. I support my local practice and they support me.

General Practices deserve ACT Government support, too.

Regards, [redacted]

Name and signature



From: "STEEL" <STEEL@act.gov.au>
Sent: 21/09/2023 1:37 PM
To: "BARR" <BARR@act.gov.au>
Subject: Letters about [REDACTED]
Attachments: scan_teleatha_holohan_2023-09-21-13-19-35.pdf

Hi Rhys,

Another for you.

Many thanks,
Tee

Chris Steel (Labor)
steel@act.gov.au
GPO Box 1020
Canberra ACT 2601
Ph: (02) 6205 1470

Marisa Paterson (Labor)
paterson@parliament.act.gov.au
GPO Box 1020
Canberra ACT 2601
Ph: (02) 6205 1448

Ed Cocks (Liberals)
ed@parliament.act.gov.au
GPO Box 1020
Canberra ACT 2601
Ph: (02) 6205 0234

Jeremy Hanson (Liberals)
hanson@parliament.act.gov.au
GPO Box 1020
Canberra ACT 2601
Ph: (02) 6205 0133

Emma Davidson (Greens)
davidson@act.gov.au
GPO Box 1020
Canberra ACT 2601
Ph: (02) 6205 1941

Date:

Dear Mr/Ms Steel,

I'm a patient of 

I have noticed over the last few years that it is becoming harder and more expensive to see a GP – let alone get an appointment with my preferred GP. My practice now tells me that these costs need to increase again due to Pay Roll Tax on independent GPs.

I value my GP and GP clinic for the following reasons:

Ready access to appointments
Care provided by experienced GPs.
Very helpful reception staff.

As the member for Murrumbidgee I urge you to do everything within your power to exempt contractor GP earnings from payroll tax. I support my local practice and they support me.

General Practices deserve ACT Government support, too.

Regards,


From: "Khan, FaheemK"
Sent: 21/09/2023 2:46 PM
To: "Salisbury, Kim" <Kim.Salisbury@act.gov.au>; "Miners, Stephen" <Stephen.Miners@act.gov.au>
Cc: "Hocking, Stuart" <Stuart.Hocking@act.gov.au>
Subject: RE: GP payroll tax

Thanks Kim. Can we get a formal brief up to the CM on this.

Faheem

Faheem Khan


From: Salisbury, Kim <Kim.Salisbury@act.gov.au>
Sent: Thursday, 21 September 2023 2:13 PM
To: Miners, Stephen <Stephen.Miners@act.gov.au>
Cc: Hocking, Stuart <Stuart.Hocking@act.gov.au>; Khan, FaheemK <FaheemK.Khan@act.gov.au>
Subject: GP payroll tax

UNOFFICIAL

Stephen


I intend to write to GP centres in the coming weeks to highlight the ACT revenue circular, the amnesty and registration.

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: "BARR" <BARR@act.gov.au>
Sent: 22/09/2023 12:01 PM
To: [REDACTED]
Subject: Correspondence from the Chief Minister
Attachments: Chief Minister letter to [REDACTED]

Good afternoon

Please find the attached correspondence from the Chief Minister.

Kind regards

Rhys Thompson
Office Manager | Office of Andrew Barr MLA
Chief Minister
Treasurer
Minister for Climate Action
Minister for Economic Development
Minister for Tourism
Member for Kurrajong



**Andrew Barr MLA**

Chief Minister

Treasurer

Minister for Climate Action

Minister for Economic Development

Minister for Tourism

Member for Kurrajong

23/4103

Via email: [REDACTED]

Dear [REDACTED]

Thank you for your correspondence of 29 August 2023 regarding payroll tax.

Payroll tax applies to businesses paying wages in the ACT where the entity's Australia wide wages are above the threshold of \$2 million per year. At \$2 million, the ACT has the highest tax-free threshold of any state or territory, meaning that very few small and medium sized businesses in the Territory are liable for payroll tax.

There have been no recent changes to the payroll tax laws. The ACT Government has not introduced a new tax on medical practices which are treated the same way as any other businesses operating in the ACT for payroll tax purposes. Unless a specific exemption applies, such as for certain charities, payroll tax applies equally to all non-government businesses and industries in the ACT. Payroll tax revenue is used to fund essential services to the Canberra community.

The ACT Revenue Office has published a Revenue Circular on the application of payroll tax laws to medical centre businesses. This is available at: www.revenue.act.gov.au/publications/circulars.

While there have been no recent changes to the law, the Government acknowledges that there appears to be a widespread lack of awareness of the application of the payroll tax laws among medical practices. As a result, the Government has decided to provide significant concessions to general practice medical centres which are not available to any other businesses that are liable for payroll tax, specifically:

- the ACT Government will waive any payroll tax liabilities up until 30 June 2023 for GP medical practices which have not paid payroll tax on payments to contracted GPs. This waiver will ensure GP medical businesses are not subject to retrospective assessments for

which they have not planned. Medical practices will automatically receive this exemption and do not need to apply for it; and

- To provide further time for GP medical practices that support the community with reasonable levels of bulk billing to review their taxation arrangements, the government is offering a further two-year payroll tax amnesty on GP contractor payments. This will allow GP medical practices time to seek advice and implement necessary changes to ensure future payroll tax compliance. This amnesty will be available on GP contractor payments until 30 June 2025 for medical centres that:
 - are bulk billing at least 65 per cent of all patient services;
 - and have registered for MyMedicare.

The two-year amnesty is available to all medical practices that meet the bulk billing threshold, irrespective of whether they had previously paid payroll tax on payments to contracted GPs or not. It also includes GP clinics which begin operations between now and 30 June 2025. In these respects, the ACT exemption goes further than temporary amnesties announced in other States which are restricted to medical practices which previously had not been paying tax they were liable to pay on payments to contracted GPs, and which were in operation at the time the amnesties were announced.

The ACT Revenue Office has published detailed information on the two-year amnesty which is available at: www.revenue.act.gov.au/payroll-tax.

By assisting GP medical centres that are supporting the community with significant levels of bulk billing, the ACT Government is seeking to enhance access to primary healthcare and relieve cost-of-living pressures.

We recognise the vital role that GP medical centres play in our community's well-being. Our commitment to accessible and affordable healthcare for all Canberrans is unwavering. Our GP Payroll Tax relief aligns with our vision by offering medical practices the necessary time and support to ensure compliance while prioritising the needs of our community.

Yours sincerely



Andrew Barr MLA
Chief Minister

22 September 2023

From: "BARR" <BARR@act.gov.au>
Sent: 26/09/2023 4:22 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Correspondence from the Chief Minister
Attachments: Chief Minister letter to RACGP [REDACTED] Att A - Government response to ACT Legislative Assembly motion of 10 May 2023 Payroll tax exemption proposal.pdf

Good afternoon

Please find the attached correspondence from the Chief Minister.

Kind regards

Rhys Thompson
Office Manager | Office of Andrew Barr MLA
Chief Minister
Treasurer
Minister for Climate Action
Minister for Economic Development
Minister for Tourism
Member for Kurrajong



**Andrew Barr MLA**

Chief Minister

Treasurer

Minister for Climate Action

Minister for Economic Development

Minister for Tourism

Member for Kurrajong

[REDACTED] – President

[REDACTED] Chair, NSW/ACT Faculty

Royal Australian College of General Practitioners

100 Wellington Parade

EAST MELBOURNE VIC 3002

Via email: [REDACTED]

cc. [REDACTED]

Dear [REDACTED]

Thank you for your letter dated 1 September 2023.

For your reference I have attached the Government Response ACT Legislative Assembly motion of 10 May 2023 Payroll tax exemption proposal – General Practices.

As discussed previously, the contractor provisions of the *Payroll Tax Act 2011* are not new, and the provisions are harmonised with most other States and Territories; however, the Government acknowledges that there appears to be a widespread lack of awareness of their application among medical practices that engage GPs under contract arrangements.

In light of this, the ACT Government has provided significant concessions to general practice medical centres which are not available to any other businesses which are liable for payroll tax. This includes a waiver of any retrospective unpaid payroll tax liabilities up to 30 June 2023, and an amnesty for the next two years for those medical practices that offer an above-threshold number of GP services up to 30 June 2025.

ACT Legislative Assembly London Circuit, GPO Box 1020, Canberra ACT 2601



@ABarrMLA



+61 2 6205 0011



barr@act.gov.au



AndrewBarrMLA



andrewbarrmla

The two-year amnesty is available to all medical practices that meet the bulk billing threshold of 65% of services, irrespective of whether they had previously paid payroll tax on payments to contracted GPs or not. It also includes GP clinics that begin operations between now and 30 June 2025.

In these respects, the ACT exemption goes further than temporary amnesties announced in other jurisdictions which are restricted to medical practices which previously had not been paying tax on payments to contracted GPs, and were in operation at the time the amnesties were announced.

The Government recognises that GP practices are necessarily operating on a range of models of care for their patient list, and that many operate well under 65% bulk billing rates. By providing this waiver to the GP practices that are focussing on bulk billing, the ACT Government is seeking to enhance access to primary healthcare and relieve cost-of-living pressures, and potentially facilitate a shift in those practices that are currently bulkbilling slightly under the threshold. It is not intended as a reflection on GPs offering quality care for patients under a model of more restricted bulk billing and concession rates.

Throughout the consultation process the ACT Government and officials have remained available for discussion. There have been some instances where those meetings have resulted in public reporting that did not reflect the discussions in those meetings – for example, the misperception that the ACT Revenue Office had been contacting GP clinics for backpay.

Nonetheless, I am happy to organise a further meeting for you with the Commissioner for ACT Revenue and the ACT Treasury if that would be of assistance. My Office is also happy to continue to discuss issues as they arise – the best point of initial contact is Chief of Staff, Michael Cook on (02) 6205 0011.

Yours sincerely



Andrew Barr MLA
Chief Minister

25 September 2023

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

Payroll tax is a significant source of revenue for State and Territory governments. In the ACT, it is forecast to raise \$806 million in 2023-24 or approximately 30 per cent of own-source taxation revenue. This revenue is used to fund essential services to the Canberra community.

In the ACT, payroll tax is levied on wages paid in the ACT where the entity's Australia wide wages are above the threshold of \$2 million per year. The rate of payroll tax is 6.85 per cent. At \$2 million, the ACT has the highest tax-free threshold of any state or territory, meaning that very few small and medium sized businesses in the Territory are liable for payroll tax.

Unless a specific exemption applies, such as for certain charities, payroll tax applies equally to all non-government businesses and industries in the ACT.

Payroll tax applies to a broad range of remuneration to ensure that there are no incentives to structure payment arrangements to minimise or avoid tax. This includes fringe benefits, superannuation, employee share schemes, payments to directors and payments under contracts.

Payments to contractors are liable for payroll tax unless an exemption applies. The contractor provisions are harmonised with other states and territories.

The contractor provisions are not new, and there have been no recent changes to these provisions. They apply to all businesses that engage in contractor arrangements and are otherwise liable for payroll tax. The Government has not introduced a new tax on medical practices, and medical centres are treated the same way as any other businesses operating in the ACT for payroll tax purposes.

The application of payroll tax to a healthcare centre business has received increased attention recently. But the court decisions have not resulted in a change in the interpretation of the law. In particular, the principle that a healthcare practitioner can provide services to the healthcare centre has been upheld by courts in multiple recent cases, including the NSW 2023 Court of Appeal decision in *Thomas and Naaz Pty Ltd*.

This means that a contract between a healthcare centre business and a practitioner is a relevant contract and therefore liable for payroll tax if all of the following apply:

- a) the practitioner carries on a business or practice of providing medical-related services to patients;
- b) in the course of conducting its business, the medical centre:
 - i. provides members of the public with access to medical-related services; and
 - ii. engages a practitioner to supply services to the medical centre by serving patients on its behalf;

Around 70 GP medical practices have been identified in the ACT, with currently less than ten of these registered and paying payroll tax. There are a range of practice types, including large corporate groups, in some cases operating from multiple sites, and practices of varying size.

Large practices with many doctors, nurses and administration staff, and those that are grouped together by factors such as common ownership or control, are the most likely to have a payroll tax liability given the ACT has the highest tax free threshold in Australia.

The Government's view is that substantial corporate businesses should pay payroll tax and make a contribution to the provision of government services. This similarly applies to businesses in all sectors of the economy.

The Government notes that the application of payroll tax means that \$6,850 would be raised per \$100,000 of payroll above \$2 million. By way of example:

Payroll of \$2 million: \$0 in payroll tax

Payroll of \$2.5 million: \$34,250 per annum in payroll tax

Payroll of \$3 million: \$68,500 per annum in payroll tax

While the contractor provisions are not new, and the provisions are harmonised with most other states and territories, the Government acknowledges that there appears to be a 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.

As a result, the Government has decided to provide significant concessions to medical practices which are not available to any other businesses that are liable for payroll tax. This includes a waiver of any retrospective unpaid payroll tax liabilities and an amnesty for the next two years for those medical practices that offer affordable GP services.

Specifically:

- the ACT Government will waive any payroll tax liabilities up until 30 June 2023 for GP medical practices which have not paid payroll tax on payments to contracted GPs. This waiver will ensure general practice medical businesses are not subject to retrospective assessments for which they have not planned. Medical practices will automatically receive this exemption and do not need to apply for it.
- To provide further time for general practices that support the community with reasonable levels of bulk billing to review their taxation arrangements, the government is offering a further two-year payroll tax amnesty on GP contractor payments. This will allow GP practices time to seek advice and implement necessary changes to ensure future payroll tax compliance. This amnesty will be available on GP contractor payments until 30 June 2025 for medical centres that:

- are bulk billing at least 65 per cent of all patient services¹; and
- have registered for MyMedicare;

The two-year amnesty is available to all medical practices that meet the bulk billing threshold, irrespective of whether they had previously paid payroll tax on payments to contracted GPs or not. It also includes GP clinics which begin operations between now and 30 June 2025. In these respects, the ACT exemption goes further than temporary amnesties announced in other States which are restricted to medical practices which previously had not been paying tax they were liable to pay on payments to contracted GPs, and which were in operation at the time the amnesties were announced.

By assisting GP practices that are supporting the community with significant levels of bulk billing, the ACT Government is seeking to enhance access to primary healthcare and relieve cost-of-living pressures.

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. In the June quarter of the last financial year, 30 of the 31 primary health networks across Australia saw more than 70 per cent of consultations bulk billed. The only jurisdiction – and the only primary health network region – not over 70 per cent was the ACT at 56 per cent.

Higher levels of bulk billing in the ACT will support cost of living pressures for households and families seeking to access primary health care.

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 guidance and a revenue circular on the application of payroll tax to medical practices.

The ACT Health Directorate also 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, and testing new mechanisms to support care to ACT residents who have complex medical needs through the Commonwealth-funded Primary Care pilot.

The ACT Government, through the National Cabinet, has endorsed the Commonwealth's substantial package of Strengthening Medicare measures that will deliver the highest priority investments in primary care.

These measures are in line with the recommendations of the Strengthening Medicare Taskforce and will build the foundations of reform to primary care in Australia.

The interconnected nature of the health system means that investments to improve access to primary care will flow through to reduce demand on our hospital system, by preventing the need for tertiary care and diverting people to the most appropriate setting for care.

¹ Determined on the basis of the Quarterly Medicare Statistics reported by the Department of Health and Aged care - Medicare Benefits Schedule GP non-referred attendance data.

The National Cabinet endorsed reforms support health practitioners to work to their full scope of practice. The Commonwealth and Territory Governments will undertake a scope of practice review that examines barriers and incentives for all professionals to work to their full scope of practice to ensure that our health workforce is able to meet community needs.

The Commonwealth Government is providing additional funding to after-hours services and improving collaboration across primary care providers. New programs will increase access to services for culturally and linguistically diverse Australians and people experiencing homelessness, and encourage access to services through Healthdirect. This will benefit patients by supporting access to care, as well as primary care providers and hospitals, by improving pathways to primary care and reducing demand on emergency departments.

National Cabinet also supported the establishment MyMedicare to support patients registered with their regular general practice and care team through new blended payment models. MyMedicare is a voluntary patient registration scheme that will improve continuity of care and provide funding packages for new models of patient-centred care. As part of MyMedicare, the Commonwealth Government will also introduce new funding packages for wrap-around care in the community for people with chronic disease who are frequent hospital users, and a new General Practice in Aged Care Incentive to improve access to general practitioners in residential aged care homes.

The Commonwealth Government will increase funding for multidisciplinary team-based care in General Practices through increases to the Workforce Incentives Program – Practice Stream and through Primary Health Networks to commission multi-disciplinary care teams. Well executed team-based, multidisciplinary care offers a higher quality of care, resulting in better health outcomes.

The ACT Government is confident that the support being provided to GP clinics through the National Cabinet reforms will improve access to affordable healthcare. We are ensuring that medical practices have ample time to adapt 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.

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