



Queensland  
Revenue Office

Our Ref: 05282-2021

7 January 2022

Professor Chris Perry  
President  
AMA Queensland  
PO Box 123  
RED HILL QLD 4059

Dear Professor Perry

Thank you for your letter of 11 November 2021 to the Honourable Cameron Dick MP, Treasurer and Minister for Trade and Investment about payroll tax for medical practices. In particular, you have expressed concern about the impact of the recent New South Wales (NSW) decision of *Thomas and Naaz Pty Ltd v NSW Chief Commissioner of State Revenue* (NSW decision) on payroll tax administration in Queensland. I have been asked to respond.

While I acknowledge your concerns about the outcome of the NSW decision, I note that the decision was made by the NSW Civil and Administrative Tribunal in relation to payroll tax in NSW. As such, the Queensland Commissioner of State Revenue (the Commissioner) is not involved in the matter.

As you may be aware, the Commissioner administers payroll tax in accordance with the *Payroll Tax Act 1971* (Payroll Tax Act), which provides the legislative basis for the imposition of payroll tax in Queensland. Under the Payroll Tax Act, payroll tax is imposed on taxable wages paid or payable by an employer. Relevantly, payments made to contractors are subject to payroll tax, unless an exemption applies.

Court and Tribunal decisions, including decisions made in other jurisdictions to the extent that they relate to harmonised provisions, may impact interpretation for payroll tax. As the relevant contract provisions in the Payroll Tax Act are harmonised with the NSW provisions considered by the NSW Civil and Administrative Tribunal in the NSW decision, the principles from that decision may apply when determining the Queensland payroll tax consequences of similar arrangements.

I note in your letter that you have stated that the Queensland Revenue Office (QRO) is applying this decision and you have expressed concern about the payroll tax exposure for administrative service entities of your members as a result of this decision.

Advice on the payroll tax implications for administrative service entities cannot be generally stated, as an employer's liability for payroll tax is dependent on the individual arrangements of an entity.

As employers, including medical practices, are free to structure their arrangements as they wish, entities may operate within different arrangements with varying payroll tax implications. If your members are concerned about potential payroll tax exposure, they may wish to seek professional advice in relation to the application of the Payroll Tax Act to their specific circumstances. QRO also provides resources to assist taxpayers and advisors to understand their payroll tax obligations.

I also note your suggestion that all medical centres be exempt from payroll tax. As you noted, the Payroll Tax Act provides an exemption for Queensland Hospital and Health Services. This exemption is specifically limited and I am not aware of any plans to change this.

QRO does not have any plans to suspend routine compliance activity.

I trust this information will be of assistance.

Yours sincerely



**Liam Cooke**  
**Acting Deputy Commissioner**  
**Queensland Revenue Office**