

Amnesty for medical practices with contracted general practitioners

The registration period for the payroll tax amnesty for medical practices with contracted general practitioners closed on 30 November 2023

Payments made to contractors (<https://www.revenuesa.sa.gov.au/payrolltax/contractors>) may be taxable if the arrangement is considered a relevant contract for payroll tax purposes.

Medical practices are liable to pay payroll tax on payments made to contracted general practitioners (GPs) unless a contractor exemption (<https://www.revenuesa.sa.gov.au/payrolltax/contractors#6Exemptions>) applies. Given a potential lack of awareness of the payroll tax treatment of contractors among general practitioners, the South Australian Government provided a payroll tax amnesty on payments made to contracted general practitioners until 30 June 2024.

An amnesty operates differently to an exemption. Under an amnesty, a liability for tax still exists, but certain amounts relating to the tax may not actually have to be paid. Because of this, you may have to provide records so we can assess your liability, even though tax may not have to be paid under the amnesty.

Medical practices that successfully applied for the amnesty will not be required to pay payroll tax on payments made to contracted general practitioners between 1 July 2018 and 30 June 2024 (being the financial years 2018-19, 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24).

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.


The amnesty is not available where your medical practice is liable to pay payroll tax on its taxable wages, exclusive of payments to contracted general practitioners. For example, if the medical practice is paying payroll tax in relation to administrative and support staff, the practice needs to lodge returns for those wages and will be assessed for payroll tax on those wages during the amnesty period.

Information Circular 106 – Payroll Tax Amnesty for Medical Practices

(https://www.revenuesa.sa.gov.au/forms-and-publications/information-circulars-and-revenue-rulings/information-circulars/ic_106) explains how the Commissioner of State Taxation will administer the payroll tax amnesty on payments to contracted general practitioners.

Revenue Ruling PTA041 – Relevant Contracts – Medical Centres

(<https://www.revenuesa.sa.gov.au/forms-and-publications/information-circulars-and-revenue-rulings/revenue-rulings/pta041/pta041>) explains the application of the relevant contractor provisions under the *Payroll Tax Act 2009* to an entity that conducts a medical centre business.



Watch the Payroll Tax Amnesty for Medical Practices with Contracted General Practitioners webinar (Please note the registration period closed on 30 November 2023)

Before viewing the webinar recording you will need to register using your name and email address.

What this means for you

Medical practices that are not eligible for the amnesty must pay payroll tax on payments to contracted general practitioners. The amnesty does not apply to medical practices that:

- commenced operation on or after 22 June 2023
- commenced making payments to contracted general practitioners on or after 22 June 2023
- are currently paying payroll tax on payments to contracted general practitioners; or
- make payments to contracted general practitioners and an exemption applies.

What do I have to do now that I have registered for the amnesty?

If you have registered for the amnesty, you are now required to:

1. Make a voluntary disclosure and, if not already registered for payroll tax, register for payroll tax in South Australia by 30 June 2024.
2. Comply with your ongoing payroll tax obligations after making the voluntary disclosure, this includes from 1 July 2024.

1. Make a voluntary disclosure

RevenueSA will contact medical practices that have registered to be part of the amnesty program with details on how to make your voluntary disclosure.

The voluntary disclosure must contain sufficient information for RevenueSA to assess your eligibility for the amnesty and your payroll tax obligations.

This will generally mean estimated annual wage information (including the amount of payments to contracted general practitioners) for the 2023-24 financial year. You also may be requested to provide information for the previous 5 financial years.

Your case manager will advise you what information you will need to provide for your medical practice, including:

- how your practice is structured.
- the number of employees you have and the total estimated monthly wages you pay.
- the number of contractor GPs you engage and copies of those contracts (if the same contract is used for multiple GPs a sample may be provided).
- the number of other contractors (non-GP) you engage and the service they provide.

Please gather the information requested regarding your medical practice's structure, employees and contractors, and provide to RevenueSA before the date specified by your case manager.

For certainty about the payroll tax treatment of your arrangements, you can also provide copies of agreements with contracted general practitioners to us along with why you consider payments are exempt.

We will work with you to help you:

- satisfy the requirements of the amnesty;

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

RevenueSA will review your contract arrangements and practice structure to determine if they are relevant contracts and if applicable, does an exemption apply.

During this stage your case manager will contact you to gain clarity on your contractor arrangements or request additional information. Your case manager will also provide monthly updates on the progress of your review.

RevenueSA will aim to provide your medical practice with an outcome of the review process as soon as possible, anticipating all reviews will be completed by early 2024.

Your outcome will indicate:

- if your medical practice needs to register for payroll tax (if not already registered)
- if your medical practice is likely to have a payroll tax liability going forward
- what actions you need to take to ensure your medical practice meets its payroll tax obligations.

2. Comply with your ongoing payroll tax obligations

As a medical practice, from 1 July 2024, you must meet all payroll tax obligations, this includes:

- lodging payroll tax returns (<https://www.revenuesa.sa.gov.au/payrolltax/returns-and-annual-reconciliation>); and
- start paying payroll tax on payments to contractors (<https://www.revenuesa.sa.gov.au/payrolltax/contractors>) (where an exemption to the relevant contract provisions (<https://www.revenuesa.sa.gov.au/payrolltax/contractors#6Exemptions>) does not apply).

Compliance activity

From 1 July 2024, medical practices that did not participate in the amnesty may be subject to compliance activity.

general-practitioners

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