

MEDIA RELEASE

THURS 7 NOVEMBER 2024

Payroll tax move a welcome start

New Treasurer David Janetzki's confirmation that he has instructed Treasury to begin the process of permanently exempting general practice from payroll tax is a welcome move.

"This will give GPs and patients certainty," AMA Queensland President Dr Nick Yim said.

"AMA Queensland has been calling for all private medical practices to be exempt from this new interpretation of tax law for three years.

"General practices have always paid payroll tax for their employees, but not GPs who effectively rent rooms from the practice.

"In late 2021, our members began receiving backdated tax bills out of the blue. These unexpected liabilities would have forced many practices to pass the new cost on to patients or close their doors.

"Despite a public ruling from the Queensland Revenue Office (QRO) and an amnesty until June 2025 to give practices time to change their business models to comply with the new interpretation, GPs remained uncertain about what would happen when the amnesty ended.

"During the recent election campaign, both the LNP and Labor committed to exempting general practice from payroll tax.

"LNP leader David Crisafulli promised to begin the process of axing the tax in his first week as Premier, and that promise has been kept.

"We will continue to call for all private medical practices to be exempt from payroll tax in the same way all public and some private hospitals are exempt. Healthcare should not be taxed."

Background

- Practices pay payroll tax for employees including receptionists and nurses, but not GPs who effectively rent rooms from the practice.
- In 2021, a New South Wales tribunal ruled that tenant GPs were employees, not contractors, and as such were subject to payroll tax.
- This was a change in interpretation of the laws in place since 2008 and, due to harmonisation arrangements, is now being applied in other states.
- AMA Queensland members reported receiving unexpected backdated payroll tax bills ranging from tens of thousands to millions of dollars.
- In February 2023, following concerted AMA Queensland advocacy, the government announced an amnesty for eligible general practices until 30 June 2025 to give them time to restructure their businesses to comply with a new Public Ruling.
- A second Public Ruling was issued in September 2023 clarifying that payments made directly by the patient to the doctor did not attract payroll tax.

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