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**PROPOSED TAX CHANGES WOULD DISRUPT RURAL HEALTH  
 WORKFORCE**

The AMA today called on the Government to dismiss elements of a new discussion paper from the Australian Taxation Office (ATO), which have the potential to stop the flow of young medical graduates choosing to work in rural and remote Australia.

The ATO paper, *Review of ATO advice on scholarships*, effectively recommends taxing some scholarship programs aimed at addressing medical workforce shortages

AMA President, Dr Michael Gannon, said today that the ATO proposals are at odds with the Government’s welcome current commitment to provide incentives to attract more doctors and other health professionals to live and work in country areas.

“Just as the Government, led by Assistant Minister for Health David Gillespie, is encouraging doctors to work in under-serviced communities, particularly in rural and remote areas, the ATO wants to tax scholarships if the conditions of the scholarship include a commitment to work in these areas,” Dr Gannon said.

“The ATO’s plan would significantly diminish the level of support provided to scholarship students for their education, and take away any incentive to work in rural and remote areas.

“The AMA has consistently encouraged the adoption of incentive-based workforce measures, like scholarships, to encourage more doctors to look at careers in rural medicine. But we are very concerned that the ATO wants to make the Medical Rural Bonded Scholarship (MRBS) scheme, and similar programs, subject to income tax.

“The MRBS was closed off to new entrants following the 2015 Budget, with 421 MRBS students still at medical school receiving this scholarship. It will be some years before all of these students graduate, and they now face the prospect of the tax-free status of their scholarship being withdrawn.

“Not only is this poor policy, it is unfair on these students who signed up for the MRBS on the understanding that the scholarships were exempt from income tax.

“Scholarships provide important financial support for a student’s education, and governments have used these to encourage doctors and other health professionals to work in country Australia. It makes no sense to tax a Government-funded scholarship that is targeted at addressing community need.

“The Government must immediately rule out the ATO plan, before it undermines broader efforts to build a stronger and more sustainable rural medical workforce,” Dr Gannon said.

The AMA submission to the ATO Review is at <https://ama.com.au/article/ama-opposes-new-ato-approach-medical-workforce-scholarships>

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