

Alert

Tax

Preparing for Payroll Tax Changes in Medical Practices: Clarity Still Required

By Daniel Idema

1 July 2024 marks a critical date for those medical practices operating in South Australia that have been informed of their eligibility for the payroll tax amnesty.

From that date, RevenueSA's (**RSA**) position is that these practices must commence paying payroll tax on payments to contracted GPs made under arrangements which RSA regards as being "relevant contracts". Medical practices that received the benefit of the amnesty would not, according to RSA, pay payroll tax on payments to contracted GPs during the amnesty period (1 July 2018 to 30 June 2024). Seeing as though ongoing compliance with payroll tax obligations is a condition of the amnesty (as outlined in RSA's Information Circular 106), practices will be keen to ensure that they do not fall foul of the *Payroll Tax Act 2009* (SA) (**PTA**), even if only in the eyes of RSA so as to avoid a dispute about the availability of the amnesty to it.

Relevant to ongoing compliance will be the approach to be taken by RSA with respect to the assessment for payroll tax purposes of Medicare benefits and out-of-pocket patient fees directly collected by contracted GPs operating under relevant contracts. Whilst there is no "payment" from the practice to the practitioner in these

situations, there is the concern of a "deemed" payment based on the potential operation of the third-party payment provisions, which appear in section 46 of the PTA.

Fortunately for those practices operating in Queensland, their public ruling on payroll tax for medical centres has been updated to make clear that from their perspective, Medicare benefits and out-of-pocket patient fees paid directly to individual practitioners under normal business arrangements will not be deemed wages paid by a practice on which they will be assessed for payroll tax. Such an approach seemingly accords with that taken by the relevant state revenue authority in the well-known Thomas and Naaz case, where in respect of the three doctors who made their own claims to Medicare and received money directly from Medicare, payroll tax was not levied against the practice in respect of those payments.

The problem for medical practices operating in South Australia is that RSA's stance on the issue is seemingly not clear. This is exemplified by the fact that RSA's ruling (PTA041) has not been updated in a similar way to that in Queensland.



Given the potential impact on medical practices, it is suggested RSA's position on the issue should be made public well before 1 July 2024 to provide certainty to medical practices going forward.

We will continue to watch this space to see what (if any) announcements are made by RSA concerning this issue before 1 July 2024.



[MORE INFO](#)

Daniel Idema

Director

p: +61 8 8124 1821

daniel.idema@dwft.au

DW Fox Tucker Lawyers

L14, 100 King William Street, Adelaide, SA 5000

p: +61 8 8124 1811 e: info@dwft.au dwfoxtucker.com.au

COMMERCIAL | CORPORATE | DISPUTES | FAMILY | INSOLVENCY | TAX | HOSPITALITY | IP | PROPERTY | ENERGY | RESOURCES
EMPLOYMENT | WORKERS COMPENSATION | SELF INSURANCE | RISK MANAGEMENT | INSURANCE | WILLS | ESTATE PLANNING

Disclaimer: The information contained in this communication does not constitute advice and should not be relied upon as such. Professional advice should be sought prior to any action being taken in reliance on any of the information.