



Payroll Tax Update for Medical Practices



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GROWTH
MD+


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Australian Association of
Practice Management
excellence in healthcare management

AAPM Approved 2024
5 CPD Points

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12:30pm AEST




The background features a textured, abstract composition. On the left, there is a vertical band of vibrant green. The rest of the background is a mix of warm, earthy tones including shades of orange, tan, and light brown, with some darker, almost black, speckles and streaks. The overall effect is organic and layered, resembling natural materials or a watercolor wash.

**In the spirit of reconciliation, HotDoc
acknowledges the Traditional Custodians of
country throughout Australia and their
connections to land, sea and community.**

**We pay our respect to their elders past and
present and extend that respect to all Aboriginal
and Torres Strait Islander peoples today.**

Before we begin -

- This session is being recorded & you will be sent a link 4-6 hours after this session has concluded with the recording & resources
- Find all links to additional resources including the slides are in the “related content” section on your console/ screen
- Your CPD certificate will be accessible at the 40 minute mark, you can access via the certificate icon on your console 
- Have a play around with the console/ icons on your screen, it's an interactive experience
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KELLY CHARD - DIRECTOR
SPECIALIST ACCOUNTANTS FOR MEDICAL PRACTICES



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Agenda

01

Recap - State by State

02

NSW, VIC & SA
Announcements

03

Common Questions



State By State



STATE/ TERRITORY	THRESHOLD - from 1 July 2024	RATE	RELIEF (specific to General Practice)
Australian Capital Territory	\$2,000,000	6.85%	<ul style="list-style-type: none"> Amnesty until 30 June 2025 for registered GP businesses where GPs bulk bill at least 65% of their patients
New South Wales	\$1,200,000	5.45%	<ul style="list-style-type: none"> Exemption from unpaid payroll tax liabilities prior to 4 September 2024 Rebate linked to bulk billing rate from 4 September 2024 (70% or 80%)
Northern Territory	\$1,500,000	5.5%	<ul style="list-style-type: none"> No public guidance, position remains unclear
Queensland	\$1,300,000	From 4.75% (1% discount for regional employers)	<ul style="list-style-type: none"> Amnesty for participating practices to 30 June 2025 Payments made directly to a practitioner may not be subject to payroll tax
South Australia	\$1,500,000	4.95% (0% - 4.95% up to \$1.7M)	<ul style="list-style-type: none"> Amnesty expires 30 June 2024 From 1 July 2024, exemption from payroll tax for bulk billed items
Tasmania	\$1,250,000	4% (6.1% over \$2M)	<ul style="list-style-type: none"> No public guidance, position remains unclear
Victoria	\$900,000	4.85% (regional rate of 1.2125%)	<ul style="list-style-type: none"> Exemption through to 30 June 2024 for General Practice Businesses Further 12 month exemption where the business hasn't received advice or began paying payroll tax From 1 July 2025, exemption from payroll tax for bulk billed consultations
Western Australia	\$1,000,000	5.5% (under \$100M)	<ul style="list-style-type: none"> Payroll Tax Act does not contain 'relevant contract' provisions Payroll tax obligations where practitioners are considered employees





Latest Announcements

NSW, VIC, SA

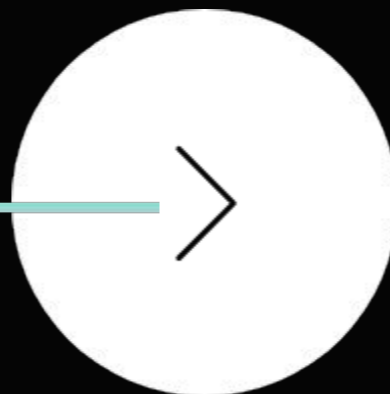


NEW SOUTH WALES

- Government will exempt past, unpaid payroll tax liabilities for payments made to GP contractors up to 4 September 2024
- From 4 September 2024, medical centres that meet **requisite bulk-billing thresholds** will be eligible for a payroll tax rebate associated with payments to contractor GPs
- To be legislated and further detail to be provided

Key Points

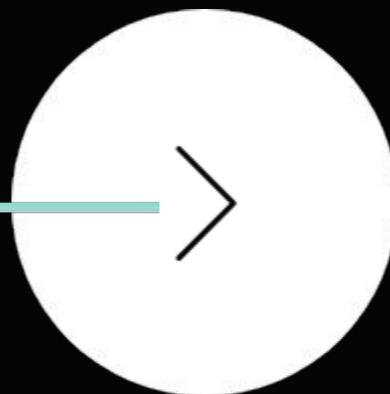
- 80% BULK BILLING THRESHOLD IN SYDNEY METRO
- 70% BULK BILLING THRESHOLD IN REGIONAL NSW
- STILL TO BE LEGISLATED



VICTORIA

Key Points

- EX-GRATIA EXEMPTION FOR LIABILITIES UP TO 30 JUNE 2025
- ONGOING EXEMPTION LINKED TO BB CONSULTATIONS FROM 1 JULY 2025
- STILL TO BE LEGISLATED
- Appears that consultations must be 100% bulk billed with no private fee for any component of the consultation to qualify for the exemption
- Calculated on a dollar basis rather than an item number basis



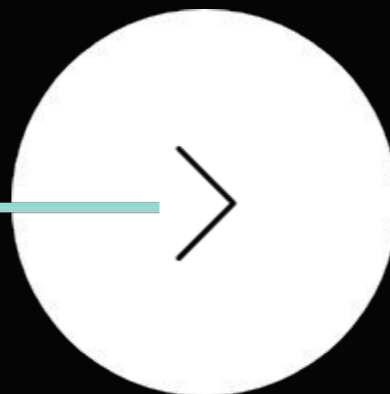
SOUTH AUSTRALIA

Key Points

- NEW EXEMPTION FROM 1 JULY 2024 LINKED TO BB ITEMS
- AMNESTY ENDS 30 JUNE 2024
- SA PRACTICES SHOULD BE OBTAINING ADVICE NOW
- STILL TO BE LEGISLATED

Budget Measures Bill – Introduced 6 June 2024

- A percentage of wages (paid or payable) to General Practitioners, in relation to bulk billed services, will be exempt wages
- Must be a “designated medical practice” to receive the exemption
- Applies only to medical practitioners registered in the specialty of General Practice, or on a General Practice pathway program
- Determined based on item count rather than dollars



CONSIDERATIONS & OUTCOMES - NSW, ACT, SA

Positives

- Relief from historical assessments (NSW and VIC in particular)
- Practices with high bulk billing GPs will receive a large exempt component
- In NSW and SA a proportion of Registrar wages and super will now be exempt
- Allowing practices to develop a plan for the future (in consultation with their advisers)
- Exemptions from contractor provisions can be used before applying BB linked exemptions

Continued Concerns

- No exemption for patients paying GPs directly (as per QLD)
- Practices with low bulk billing GPs still subject to large payroll tax assessments
- Many mixed billing practices now considering how to fund the payroll tax liability e.g. increased fees, an additional charge collected by practice
- Relief stems from lobbying efforts rather than based on tested case law



Common Questions & Concerns



Do I have to follow the approach published by the State Government?

- No, the rulings or announcements from the State Governments express their current position on how they intend to assess payroll tax to medical businesses where doctors are considered to be working under a relevant contract.
- Not every business is set up the same - therefore not every business will need to apply these announcements, rulings and legislation in the same way.
- However, the rulings and proposed changes to legislation give practices a framework that they can use to minimise exposure and apply practically.
- If you choose not to register and report for payroll tax as your State believes you should, you should have a documented position and the ability to argue it if required.
- Arguable Position - Accounting and Legal advice, structure documented, service agreements reviewed and signed, operational conduct in accordance with advice and legal agreements.



Does the 'Flow of Funds' matter in NSW, VIC and SA?

- South Australia and Victoria have indicated that the flow of funds will not be a factor when applying their bulk billing exemption. QLD is the only state where the Revenue Office has acknowledged banking arrangements and money flows to be a factor in payroll tax liability (in select instances).
- NSW appears to be akin to SA and Victoria, despite Thomas and Naaz being a NSW appeals case.
- Flow of Funds does potentially matter in the long run - rulings, interpretations etc could change based on case law and political influences.
- Money flows directly to the practitioner is a commercially realistic arrangement that supports a low control arrangement.
- Data matching & terminal bank data implications.



Should we be adding a 'payroll tax loading' to each patient visit?

- Consider carefully and get specific advice .
- You cannot directly on-charge a state tax to a patient.
- A charge will be an additional fee collected by the practice. It will go into the general income pool of the practice. Subject to GST and income tax.
- Consider tainting of appointments/consultations for BB exemptions (subject to clarification from VIC & NSW)
- Consider workflow and extra steps involved - investigate tools that may be able to help.
- Consider how the charge will be presented to patients.
- If proceeding, base the charge on numbers calculated with help from your accountant.



What exemptions apply to the contractor provisions?

- Practitioner provides services to the public generally
 - Medical Centre (principal) must apply for a determination from the Commissioner before relying on this exemption, unless the practitioner is working less than 10 days per month
 - Practitioner must provide services of the same kind to other principals - e.g. other medical centres or hospitals
 - Exemption more likely when income derived from other medical centre services is greater
- 2. Practitioner performs work for less than 90 days in a financial year (at the medical centre or medical centre group)
- 3. Services are performed by two or more persons - note that the second and subsequent persons must be qualified healthcare providers



How do I set up the doctors to receive money to their accounts?

- Allow 6 weeks minimum for the changeover.
- Communicate early with the doctors - explain the change, the reasons and have your PM, Owner and Accountant handy to answer questions if needed.
- You are not compelled to provide reconciliation or bookkeeping services.
- You cannot mandate a particular bank or access to bank accounts. You can offer a contact person to help make life easier by this should not be compulsory.
- Be careful of having PM or practice staff with transactional permissions or making/ approving payments in the doctors bank account.
- Investigate technology that can help you streamline reconciliations and manage debtors and calculations.
- Talk to an accountant that has already done this with other practices.



Can I list the doctors on our website?

- In general, yes - but be careful.
- Your structure and legal arrangements will determine how your doctors should be presented on the website.
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- In some cases, doctors may be employees or may be traditional contractors providing services to the medical practice and its patients.
- However, if you are providing rental and administration/billing services only to doctors do not present the doctors as "our doctors" or "our staff".
- Instead, look at making it known that each doctor is an independent practitioner.
- Talk to a lawyer who can help with reviewing your website and marketing materials.



Does paying payroll tax automatically mean super is also payable?

- Not automatically, as the separate legislations have their own definition of employee.
- Again, this will be determined by your structure, how practitioners are engaged, aspects of control and direction and details of agreements between the parties.
- If contractors are providing labour to the medical practice, they are more likely considered employees for superannuation purposes.
- In most typical GP and doctor arrangements, the doctor is providing services to patients directly and the **medical centre is providing services to the doctor**.
- Super guarantee is not payable on contracts with companies, trusts or partnerships.
- Complex area and does come down to legal agreements and operational conduct.
- Legal and accounting advice is necessary here due to recent case law, ATO interpretations and Fairwork changes.

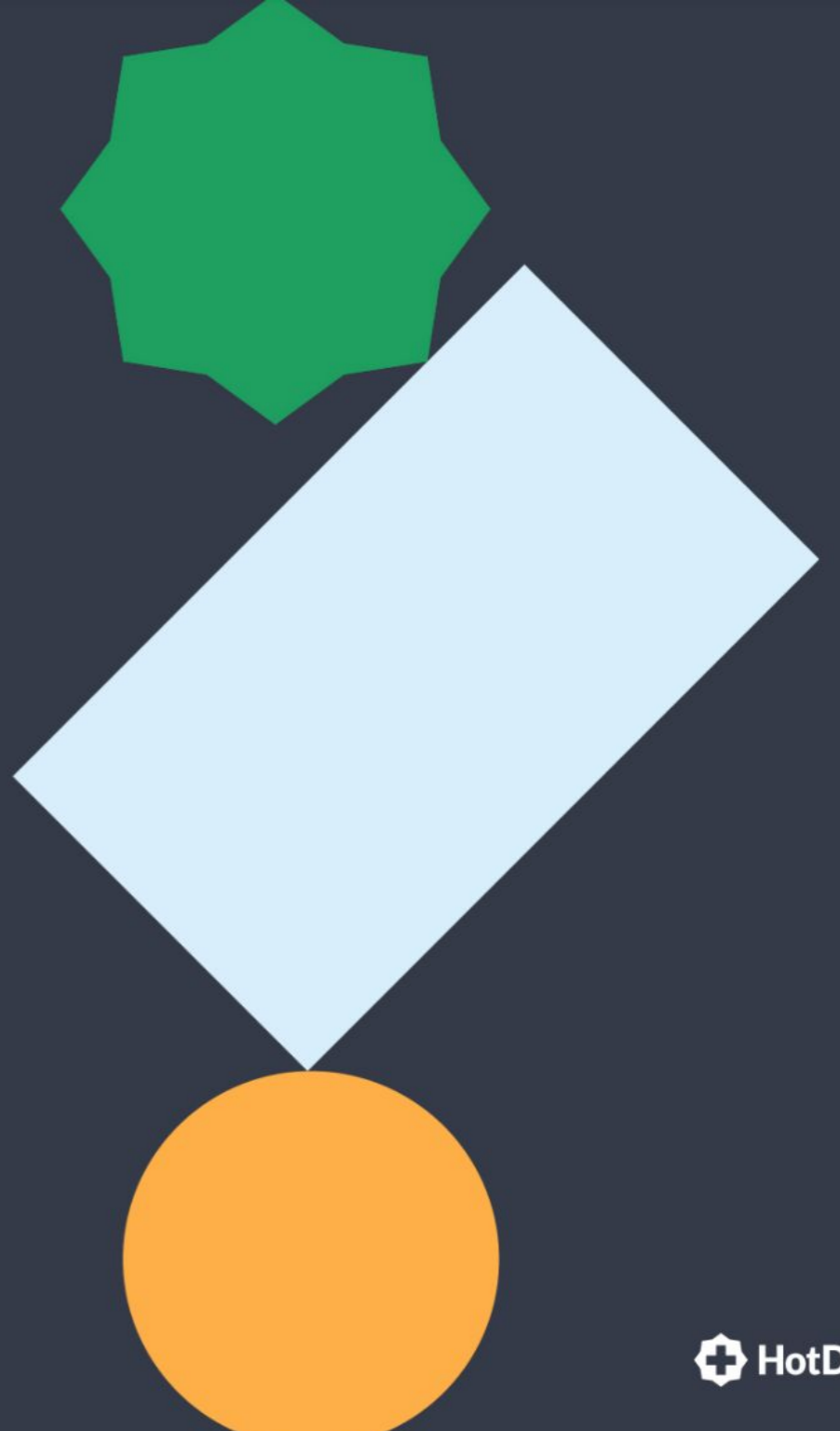




Next Steps....

- Take action now - can't ignore this business risk any longer
- Know your exposure - calculate your payroll tax potential liability (look at BB exemptions and contractor exemptions too)
- Make an appointment with your accountant and legal adviser - ideally, professionals who have worked in this space before
- Decide on changes to your business - including registering/not registering for payroll tax, revising agreements, changing banking flows to doctors directly, taking part in exemptions

Questions



Quick Consults

Online healthcare from
your regular doctor

- ✓ Safe online care
- ✓ Increase earnings
- ✓ Flexible schedule

A screenshot of the HotDoc mobile app interface. At the top, there's a dark header with the HotDoc logo, a "Logout" button, and a "Show all requests" link. Below this, a request card for "Elizabeth Lemon" is shown, marked as "Remove Pin" and received "30 mins ago". The patient's details include a birth date of 01/01/1990 and a phone number 0491 570 006. A table lists the prescription as "Lipitor, 10mg" with an "E-Script" delivery method. Patient notes state "I have run out". Contact information includes email "e.lemon@hotdoc.com.au" and address "276 Flinders Street, Melbourne, VIC 3000". The amount charged is "\$20.00". At the bottom of the card, there's a text input field for a note, a green "Mark as complete" button, and two buttons: "Reassign request" and "Decline request".

Prescription	Lipitor, 10mg
Delivery method	E-Script
Patient notes	I have run out
Email	e.lemon@hotdoc.com.au
Street Address	276 Flinders Street, Melbourne, VIC 3000
Amount Charged	\$20.00

Book a Demo



Quick Consults Feature - *Direct to Practitioner Payout*

- ◆ Practitioners Receive Payments Directly
- ◆ By using direct to practitioner payouts with HotDoc Payments, all funds collected from patients for Quick Consults and appointments (booked online or through reception) will be sent directly to the doctor's bank account.
- ◆ Practice admins still have visibility into payments made for services at that practice, without the practice's bank account being part of the flow of funds.



Thanks for watching!

Find out more about HotDoc here:
practices.hotdoc.com.au