

From: Media Reporters <mediareporters@premiers.qld.gov.au>
Sent: Tuesday, 31 January 2023 1:49 PM
To: External - Media Reporters
Subject: Courier Mail: GPs continue campaign against changes to payroll tax laws

<https://content.isentia.io/?url=https://www.dailytelegraph.com.au/news/queensland/gps-continue-campaign-against-changes-to-payroll-tax-laws/news-story/c029b372474679c695a34bb69c113a71&key=01da60b396bf585e3c3e8b1fe0d17a6f&ver=1&mid=910094906&uid=120570>

GPs continue campaign against changes to payroll tax laws

The state's GPs are continuing their campaign against what they are calling a new patient tax imposed by the Queensland Government, with fears as many as 87 per cent of clinics will have to pass on the costs.

Jill Poulsen
January 31, 2023 - 1:38PM

The state's GPs are continuing their campaign against what they are calling a new patient tax imposed by the Queensland Government.

A new interpretation of payroll tax laws means general practices are now liable for an increased 4.75 per cent of total billings made by doctors who work as contractors.

Australian Medical Association Queensland president and general practitioner Dr Maria Boulton has labelled the tax "immoral".

"GP practices already pay payroll tax on our employees, the fact of the matter is that there's been a change in the interpretation of the law as pertains to patients being seen by their GPs and accessing healthcare services," she said.

"When a patient goes to a public hospital, that service is payroll tax exempt and it's exempt for a very good reason. It's because healthcare is an essential need that humans have in Australia and that is why it is so important and this is why we're here for patients.

"We're here because patients deserve to have access to their GPs."

Dr Boulton joined Royal Australian College of General Practitioners Queensland chair Dr Bruce Willett, Brisbane GP Dr Aaron Chambers and Opposition Leader David Crisafulli at a press conference to continue calls for a tax exemption on doctors working as contractors in practices.

"The RACGP has done some surveys and only three per cent of practices said that they could absorb this tax, 87 per cent of practices said that they would have to pass it on and five practices said that they would probably go broke with this new tax burden," Dr Willett said.

The Sunday Mail revealed earlier this month that the new requirement to pay tax would see the end of bulk billing and increase out of pocket costs by as much as 15 per cent.

Dr Chambers said he had no choice but to raise patient fees.

"I'm really worried about the people we don't see because I know it's exactly the people who might need health care and are most vulnerable," he said.

"We know that the people who have the lowest income are at most risk of adverse health outcomes and they're also exactly the people who are less likely to come because of that financial barrier. They're the ones I'm most worried about."

He said without sufficient federal funding to Medicare and with an added tax on patients it became impossible to support those patients.

RACGP national president Dr Nicole Higgins said it would "break general practice" and increase bed block across the state's already strained hospital system.

Opposition Leader David Crisafulli said that on 26 occasions before the last election, the treasurer promised there would be no new or increased taxes.

"Well nothing has changed for a single medical practitioner across the state, their business model remains exactly as it was and yet in the shadows of Christmas, a new tax grab was implemented that will be passed on to patients in the middle of a cost of living crisis," he said.

"Why would you charge people more to see their GP in the middle of a health crisis? Why would you funnel more people into an emergency department that is already bursting at the seams?"

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Dom O'Regan

Media Reporting Officer, External Relations & Services
Engagement and Events
Department of the Premier and Cabinet

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Angela Holden

From: The Premier <The.Premier@premiers.qld.gov.au>
Sent: Friday, 3 February 2023 12:35 PM
To: DCLO Admin; Jim Murphy; Tam van Alphen; Tim Linley; Myles Lawrence
Cc: Sarah Lakes; Nadia Cecil; 'premcorro@ministerial.qld.gov.au'; Stacey Kiem; Ben Gordon; 'jon.persley@ministerial.qld.gov.au'; 'kay.swanston@ministerial.qld.gov.au'; Alice Hannay; Fiona Toogood; Linda Keeshan; Emma Kinnane; Bronwyn Edmeades; Director General DPC; External - Michael Carey; Danielle McAllister; Admin Economic (DPC)
Subject: PRIORITY MAIL - TF/23/1695 - URGENT LETTER - Cr Mark Nolan, Mayor Cassowary Coast Regional Council - seeking an exemption for General Practitioners in relation to proposed changes to the contract provisions under the Payroll Tax Act
Attachments: Payroll Tax Proposed Changes letter to Qld Government.pdf

Good afternoon

Please find attached correspondence from Cr Mark Nolan, Mayor Cassowary Coast Regional Council seeking an exemption for General Practitioners in relation to proposed changes to the contract provisions under the Payroll Tax Act.

Due to the urgency, I have allocated the attached direct to Economic Policy to draft an urgent response, due to PO 10 February 2023.

This has been added to the ECU watch list.

Please note this timeframe is subject to change.

Kind regards
Sarah



Sarah Lakes

Manager

Executive Correspondence Unit
Department of the Premier and Cabinet

E sarah.lakes@premiers.qld.gov.au P 07 3003 9259 M

Irrelevant

Level 29, 1 William Street, Brisbane QLD 4000
PO Box 15185, City East, QLD 4002

From: Vitali, Diane <Diane.Vitali@ccrc.qld.gov.au>
Sent: Friday, 3 February 2023 11:03 AM
To: The Premier <The.Premier@premiers.qld.gov.au>; 'treasurer@ministerial.qld.gov.au' <treasurer@ministerial.qld.gov.au>
Cc: 'Hinchinbrook Electorate Office' <Hinchinbrook@parliament.qld.gov.au>
Subject: PRIORITY - Letter from Mayor Nolan re Payroll Tax Proposed Changes

Dear Premier and Treasurer

Please find attached for your information, correspondence from the Mayor of Cassowary Coast Regional Council, Councillor Mark Nolan.

Kindest regards

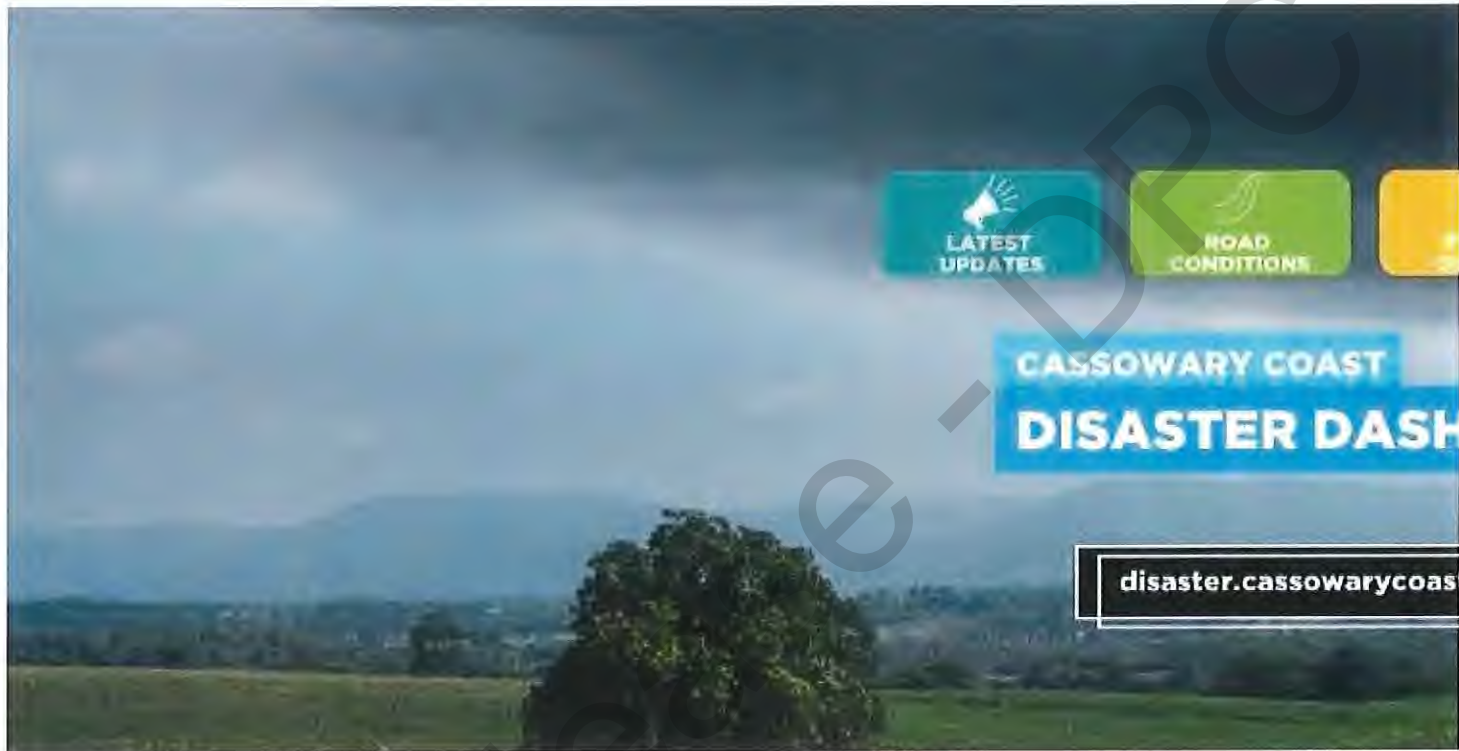
Diane Vitali

Executive Assistant, Mayor & Councillors | Cassowary Coast Regional Council

P: 4043 8802

E: diane.vitali@ccrc.qld.gov.au | W: www.cassowarycoast.qld.gov.au

PO Box 887 Innisfail QLD 4860



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PLEASE QUOTE:

YOUR REFERENCE:

OUR REFERENCE: MN:Ik2302021507

ENQUIRIES TO: Mayor, Cr Mark Nolan – Irrelevant

3 February 2023

The Hon Anastacia Palaszczuk
Premier and Minister for the Olympic
and Paralympic Games
Ministerial Office
PO Box 15185
City East Q 4002

The Hon Cameron Dick
Treasurer and Minister for Trade
and Investment
Ministerial Office
GPO Box 611
Brisbane Q 4001

Via email: thepremier@premiers.qld.gov.au treasurer@ministerial.qld.gov.au

Dear Premier and Treasurer

I am writing to you regarding the proposed application of relevant contract provisions as applied to general medical practice under the *Payroll Tax Act 1971 (Qld)*.

Nationwide we are experiencing critical shortages of General Practitioners with demand far exceeding supply and this situation is forecast to worsen in coming years with demand for GP services projected to increase by 38.5% between now and 2032 (Deloitte). Cassowary Coast communities, along with many other rural and regional areas in Australia, are losing or have limited access to medical services, for example, the town of Mission Beach has not had a General Practitioner since late 2021 and other clinics have closed their books to new patients.

As we are all aware, the reasons contributing to the crisis in the availability of General Practitioners is complex and there is no "quick fix". Solutions that will provide our communities with long-lasting and sustainable outcomes require a concerted, coordinated and collaborative approach from all levels of government, community and industry.

As one part of the overall solution that the Queensland Government can address is the changes to the interpretation of the contract provisions in the *Payroll Tax Act 1971 (Qld)* which may adversely impact General Practice, leading to further increased costs for delivering services which will, in turn, need to be passed onto practice clients.

CASSOWARY COAST REGIONAL COUNCIL

Address all correspondence to the Chief Executive Officer. PO Box 887, Innisfail, Qld 4860
T 1300 763 903 F (07) 4061 4258 E enquiries@cassowarycoast.qld.gov.au W cassowarycoast.qld.gov.au
OFFICE LOCATIONS Innisfail 70 Rankin Street Tully Civic Centre, 38-40 Bryant Street

Cassowary Coast Regional Council asks the Queensland Government to provide an exemption or concession in the circumstance where there is a contract between an entity that conducts a medical centre and a practitioner under the Act. This will ensure that there are not further negative impacts on already-stretched general practitioner and allied health service deliveries which will likely lead to further closures and loss of services; thereby increasing pressure on the public health system.

Gaps in critical services result in poorer health outcomes of the population, as well as have a negative impact on the liveability and ability to attract and retain families to regional and remote areas, potentially contributing to long-term economic decline within regions.

GPs and general practices have told the RACGP that if payroll tax is imposed on practice earnings almost 20% of general practices will be forced to close; nearly 80% of GPs would have to pass the payroll tax on to patients as gap payments and increased fees; and many of our GPs would leave general practice altogether.

The impacts of this matter will have a greater flow-on effect in communities that have the greatest socio-economic disadvantage and that can least afford to pay the flow-on costs that the general practices have to impose to be economically viable, or just to break-even. Cassowary Coast Local Government Area is one such region with a substantial socio-economic disadvantage with 44% of our Estimated Resident Population in the most disadvantaged quintile when compared with 20% for Queensland.

On behalf of our community, I thank you for taking our issues into consideration and would be pleased to discuss this matter with you or a member of your team further should the opportunity arise.

Yours faithfully



Cr Mark Nolan
MAYOR
CASSOWARY COAST REGIONAL COUNCIL

Copy to: Mr Nick Dametto MP, Member for Hinchinbrook
Email: hinchinbrook@parliament.qld.gov.au

Tim Linley

From: Barnaby Kerdel
Sent: Thursday, 2 February 2023 5:55 PM
To: External - Michael Carey; Tim Linley
Subject: FW: National Cabinet Premier brief - payroll tax and medical practices.docx
Attachments: National Cabinet Premier brief - payroll tax and medical practices.docx

They will work on this but hopefully this is the gist

From: Barnaby Kerdel
Sent: Thursday, 2 February 2023 5:54 PM
To: 'Amy Rosanowski' <amy.rosanowski@treasury.qld.gov.au>; Maryanne Kelly <Maryanne.Kelly@treasury.qld.gov.au>
Cc: Leon Allen <leon.allen@treasury.qld.gov.au>
Subject: National Cabinet Premier brief - payroll tax and medical practices.docx

My suggested edits.

Might need a bit of work, I'm happy to for that to happen without further reference to me, I'm a bit caught up from now on

Tim Linley

From: Barnaby Kerdel
Sent: Monday, 23 January 2023 10:48 AM
To: Tim Linley
Cc: Geoff Breusch
Subject: RE: This look ok?

That looks good.

Geoff FYI

From: Tim Linley <Tim.Linley@ministerial.qld.gov.au>
Sent: Monday, 23 January 2023 10:47 AM
To: Barnaby Kerdel <Barnaby.Kerdel@ministerial.qld.gov.au>
Subject: This look ok?

This is a complex national issue.

I am advised that there has not been any change to how payroll tax is applied to medical practices.

Unlike other States the Queensland Revenue Office is not targeting medical practices with audits.

The Treasurer is working with the Royal Australian College of General Practitioners and AMAQ and is continuing to engage on this issue.

The Queensland Revenue Office has already agreed to limit the time period of audits on GPs (to the 2021-22 financial year and future years).

This is an issue that could be considered at National Cabinet alongside the reform of GP payments.

The biggest challenge remains the issue of GP payments and the impact that has on finding a bulkbilling GP.

My government has been consistently raising the need to improve access to GPs. People who are unable to access GPs are continuing to present at hospitals and emergency departments.



Queensland
Government

Tim Linley
Office of the Hon. Anastacia Palaszczuk MP
Premier of Queensland and Minister for the Olympic and Paralympic Games

P 07 3719 7043 M **Irrelevant**
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PO Box 15185 City East QLD 4002

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Tim Linley

From: The Premier <The.Premier@premiers.qld.gov.au>
Sent: Friday, 3 February 2023 12:35 PM
To: DCLO Admin; Jim Murphy; Tam van Alphen; Tim Linley; Myles Lawrence
Cc: Sarah Lakes; Nadia Cecil; 'premcorro@ministerial.qld.gov.au'; Stacey Kiem; Ben Gordon; 'jon.persley@ministerial.qld.gov.au'; 'kay.swanston@ministerial.qld.gov.au'; Alice Hannay; Fiona Toogood; Linda Keeshan; Emma Kinnane; Bronwyn Edmeades; Director General DPC; External - Michael Carey; Danielle McAllister; Admin Economic (DPC)
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Kind regards
Sarah



Queensland
Government

Sarah Lakes
Manager
Executive Correspondence Unit
Department of the Premier and Cabinet

E sarah.lakes@premiers.qld.gov.au P 07 3003 9259 M
Level 29, 1 William Street, Brisbane QLD 4000
PO Box 15185, City East, QLD 4002

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Diane Vitali

Executive Assistant, Mayor & Councillors | Cassowary Coast Regional Council

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Ministerial Office
GPO Box 611
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Via email: thepremier@premiers.qld.gov.au treasurer@ministerial.qld.gov.au

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Yours faithfully



Cr Mark Nolan
MAYOR
CASSOWARY COAST REGIONAL COUNCIL

Copy to:

Mr Nick Dametto MP, Member for Hinchinbrook
Email: hinchinbrook@parliament.qld.gov.au

Tim Linley

From: Geoff Breusch
Sent: Saturday, 21 January 2023 8:39 AM
To: Darren Roberts
Cc: Tim Linley; Kate Adams; Amy Hunter; Cullen Robinson; Kerryn Manifold
Subject: RE: GP payroll tax

Thanks

From: Darren Roberts <Darren.Roberts@ministerial.qld.gov.au>
Sent: Saturday, 21 January 2023 12:18 AM
To: Geoff Breusch <Geoff.Breusch@ministerial.qld.gov.au>
Cc: Tim Linley <Tim.Linley@ministerial.qld.gov.au>; Kate Adams <Kate.Adams@ministerial.qld.gov.au>; Amy Hunter <Amy.Hunter@ministerial.qld.gov.au>; Cullen Robinson <Cullen.Robinson@ministerial.qld.gov.au>; Kerryn Manifold <Kerryn.Manifold@ministerial.qld.gov.au>
Subject: RE: GP payroll tax

Hi Geoff,
Sorry about the delay - Min Hinchliffe is good with the response.
Darren.

From: Kerryn Manifold <Kerryn.Manifold@ministerial.qld.gov.au>
Sent: Friday, 20 January 2023 6:19 PM
To: Geoff Breusch <Geoff.Breusch@ministerial.qld.gov.au>
Cc: Tim Linley <Tim.Linley@ministerial.qld.gov.au>; Darren Roberts <Darren.Roberts@ministerial.qld.gov.au>; Kate Adams <Kate.Adams@ministerial.qld.gov.au>; Amy Hunter <Amy.Hunter@ministerial.qld.gov.au>; Cullen Robinson <Cullen.Robinson@ministerial.qld.gov.au>
Subject: Re: GP payroll tax

Ok by me

Sent from my iPhone

On 20 Jan 2023, at 5:11 pm, Geoff Breusch <Geoff.Breusch@ministerial.qld.gov.au> wrote:

Proposed Spokesperson for Acting Treasurer:

“As the Acting Premier and the RACGP made clear earlier this month, the biggest challenge facing general practice is a decade of neglected primary health care.

Like other states, Queensland is calling for an overhaul of funding for primary health care.

Unlike other states, Queensland’s revenue office does not specifically target GP clinics for payroll tax compliance.

Ongoing payroll tax exemptions for particular sectors would only create distortions that would increase the tax burden on other Queenslanders.”

Background:

Payroll tax is an important source of revenue to support the Palaszczuk Government's investment in Queensland, including schools, roads and hospitals.

Like other revenue offices around Australia, the Queensland Revenue Office has determined that in certain employment situations, people employed as contractors are treated as employees when it comes to payroll tax.

The industries most affected by this ruling are building, construction, cleaning and security.

Many GP clinics are also liable for payroll tax as their GPs are employed as contractors.

The RACGP asked the Queensland Revenue Office for a determination around the applicability of payroll tax to GP clinics.

That determination supported the treatment that had already been in place.

the Queensland Revenue Office, but at the moment by the Acting Commissioner of State Revenue. That's how it should be we shouldn't have politicians deciding how people comply with the tax laws of this state. Like income tax, payroll tax is self-assessed. That means a business determines whether it's liable for payroll tax, possibly taking advice from accountants and lawyers, and like income tax compliance is undertaken by the Revenue Office, and in this case, the Queensland Revenue Office. I'm advised by the Acting Commissioner of State Revenue that the Queensland Revenue Office routinely undertakes compliance activities relating to contractor payments. Contractors from a payroll tax point of view come from industries like business, a building construction, and cleaning and security. A small number of these contractors are GPs. Compliance activities are central to ensuring that payroll tax is being administered correctly and in a consistent manner for all taxpayers. People might not like paying tax but I'm sure everyone would agree, it's appropriate that people pay their fair share. I'm advised the Queensland Revenue Office is not specifically targeting general practitioners and medical practices in its compliance activities. That's unlike New South Wales, Victoria, Western Australia and South Australia, where the GPs' own newsletter points out revenue officers are specifically targeting medical practices. Depending on the specific circumstances, it's possible that medical practices may be detected as part of the Queensland Revenue Officer's standard compliance approach. Medical practices that use contract arrangements may be the subject of payroll tax compliance in the same way as other industries that use contractors.

From: [REDACTED] (Irrelevant)

Sent: Friday, 20 January 2023 1:07 PM

To: Geoff Breusch <Geoff.Breusch@ministerial.qld.gov.au>; Martin Philip <Martin.Philip@ministerial.qld.gov.au>; Katharine Wright

<Katharine.Wright@ministerial.qld.gov.au>

Subject: GP payroll tax

Hi all,

I wanted to ask each of your ministers (Steven as the acting Premier) whether they would consider a payroll tax exemption for GPs working in a GP practice?

A response by the end of the day would be great but I could wait until 10am tomorrow morning if needed.

Thanks so much!

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--

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Tim Linley

From: Cullen Robinson
Sent: Friday, 20 January 2023 4:55 PM
To: Kerry Manifold; Tim Linley
Cc: Lucy Collier
Subject: RE: GP payroll tax

Everyone is telling me this is a Treasury thing – and we should leave it to them..

From: Kerry Manifold <Kerry Manifold@ministerial.qld.gov.au>
Sent: Friday, 20 January 2023 4:34 PM
To: Cullen Robinson <Cullen.Robinson@ministerial.qld.gov.au>; Tim Linley <Tim.Linley@ministerial.qld.gov.au>
Subject: RE: GP payroll tax

Here's what RACGP put out on Jan 10

<https://www.racgp.org.au/gp-news/media-releases/2023-media-releases/january-2023/racgp-queensland-payroll-tax-move-another-nail-in>



Queensland
Government

Kerry Manifold
Director - Government Media Unit
Office of the Hon. Anastacia Palaszczuk MP
Premier of Queensland and Minister for the Olympics

M [Redacted]
1 William Street, Brisbane QLD 4000
PO Box 15185 City East QLD 4002

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From: Cullen Robinson <Cullen.Robinson@ministerial.qld.gov.au>
Sent: Friday, 20 January 2023 4:27 PM
To: Kerry Manifold <Kerry Manifold@ministerial.qld.gov.au>
Subject: Fwd: GP payroll tax

Sent from my iPhone

Begin forwarded message:

From: [Redacted] *Irrelevant*
Date: 20 January 2023 at 2:19:56 pm AEST
To: Cullen Robinson <Cullen.Robinson@ministerial.qld.gov.au>
Subject: Fwd: GP payroll tax

Hi there,

Please see below.

Irrelevant

----- Forwarded message -----

From [redacted] Irrelevant
Date: Fri, 20 Jan 2023 at 1:06 pm
Subject: GP payroll tax
To: Geoff Breusch <Geoff.Breusch@ministerial.qld.gov.au>, Martin Philip <martin.philip@ministerial.qld.gov.au>, Katharine Wright <katharine.wright@ministerial.qld.gov.au>

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Thanks so much!

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Tim Linley

From: Geoff Breusch
Sent: Tuesday, 8 November 2022 3:26 PM
To: @Premiers Media
Subject: FW: Request for comment - The Courier-Mail

Attributable to the Acting Commissioner of State Revenue:

QRO has reviewed the New South Wales decision and has not identified any aspect that it considers changes the scope, practice or approach to payroll tax in Queensland.

The treatment of Queensland medical practices in relation to payroll tax has not changed since 2008.

From: [Redacted] Irrelevant
Sent: Tuesday, 8 November 2022 2:59 PM
To: Geoff Breusch <Geoff.Breusch@ministerial.qld.gov.au>
Subject: Request for comment - The Courier-Mail

Hi Breuschy

As discussed, the AMAQ is claiming the Queensland Revenue Office is now deeming GPs to be employees of practices in light of the Thomas and Naaz case in NSW. They are saying more GPs are now being interpreted as employees of a practice, which means the practices are being subjected to payroll tax obligations that they previously did not face.

The AMAQ is concerned that this tax burden will force practices to close or for the cost to be passed onto patients. They have labelled it a tax on patients.

I have listed some questions below. My deadline is 5.30pm.

Thanks,
[Redacted] Irrelevant

1. Is the Queensland Revenue Office now classing all GPs or more GPs as employees of a practice for payroll tax purposes in light of the decision in NSW? Why or why not?
2. Can the Queensland Revenue Office or the government rule out classing all GPs or more GPs as employees of a practice for payroll tax purposes in light of the decision in NSW? Why or why not?
3. The AMAQ says some of its members are facing payroll tax obligations they have never faced before. Why is this the case?
4. Does the government have any other response to the concerns raised by the AMAQ in relation to having to pass those costs onto patients or being forced to close their practices?

--

[Redacted] Irrelevant

Courier Mail SundayMail

Irrelevant

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RTI Release - DPC

Angela Holden

From: SABBriefs <SABbriefs@premiers.qld.gov.au>
Sent: Wednesday, 18 January 2023 8:43 AM
To: Madison Cann; Angela Holden; Laura Stevenson
Cc: Linda Keeshan; Troy Mitchell
Subject: RE: Premier's Townsville Regional Briefing Pack Email 3 of 3
Attachments: 01. Prem Folder Index.docx; [Irrelevant]; [Irrelevant]
[Irrelevant]; [Irrelevant]

Importance: High

Good morning

We have a new brief and 2 updated briefs to supply for the Townsville Regional Visit pack.

Updated
Index

[Irrelevant]

New

[Irrelevant]

Kind regards

Katrina and Tahlya



Cabinet and Parliamentary Services
Department of the Premier and Cabinet
P 07 3003 9243
Level 40, 1 William Street, Brisbane QLD 4000
PO Box 15185, City East, QLD 4002

From: SABBriefs
Sent: Tuesday, 17 January 2023 1:17 PM
To: Madison Cann <Madison.Cann@ministerial.qld.gov.au>; Angela Holden <angela.holden@ministerial.qld.gov.au>; Laura.Stevenson@ministerial.qld.gov.au
Cc: Linda Keeshan <linda.keeshan@premiers.qld.gov.au>; Troy Mitchell <troy.mitchell@ministerial.qld.gov.au>
Subject: Premier's Townsville Regional Briefing Pack Email 3 of 3

Good Afternoon,

Please find attached the 20 briefs of the total 59 for the Regional Visit Pack for the Premier's upcoming trip to Townsville next week. Due to the size of briefs, I will send the briefs in three emails.

Please note, there is a brief with information regarding [Irrelevant]

Please let me know if you have any queries.

Kind Regards,

Katrina and Tahlya



Cabinet and Parliamentary Services

Department of the Premier and Cabinet

P 07 3003 9243

Level 40, 1 William Street, Brisbane QLD 4000

PO Box 15185, City East, QLD 4002

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[Redacted content]

Irrelevant

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[Redacted content]

Irrelevant

Irrelevant

RTI Release - DPC

Angela Holden

From: SABBriefs <SABbriefs@premiers.qld.gov.au>
Sent: Tuesday, 17 January 2023 1:17 PM
To: Madison Cann; Angela Holden; Laura Stevenson
Cc: Linda Keeshan; Troy Mitchell
Subject: Premier's Townsville Regional Briefing Pack Email 3 of 3
Attachments:

Irrelevant

58. Payroll tax and medical practices.docx;

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Irrelevant

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Payroll Tax – General practitioners and medical practices

Recommended response

- The Queensland Revenue Office (QRO) undertakes compliance activity to ensure employers are accurately determining their liability and payroll tax is being administered correctly.
- QRO is not specifically targeting general practitioners and medical practices in its compliance activities.
- QRO targets compliance activities using available data, based on objective risk-based revenue management principles.
- Medical practices that use contractor arrangements may be subject to a payroll tax compliance audit, in the same way as any other industry. QRO's compliance activities have identified employers across a range of industries, including medical practices.
- In a small number of recent investigations, medical practices have been required to back-pay payroll tax to meet their obligations.
- QRO has resumed normal compliance activities that were suspended due to the COVID-19 pandemic. These factors may mean that more medical practices are subject to compliance activity, but this is not the result of any focus on industry or type of business and is unrelated to recent court cases.
- QRO has reviewed the recent NSW decision of *Thomas and Naaz Pty Ltd v NSW Chief Commissioner of State Revenue*, and the principles from that decision are consistent with the longstanding approach that has been applied in Queensland when determining the payroll tax consequences of similar arrangements.
- There have been no changes to the contractor provisions in payroll tax legislation, or QRO's interpretation of them, following the *Thomas and Naaz* decision.
- QRO is supporting medical practices to understand and meet their payroll tax obligations. Consequently, on 23 December 2022, [Public Ruling PTAQ000.6.1 Relevant Contracts - Medical Centres](#) was published.
- QRO is continuing to work with peak medical bodies on this issue, including ongoing consultation regarding the Public Ruling.

Key Facts

- Under the *Payroll Tax Act 1971*, payments made to contractors are subject to payroll tax, unless an exemption applies.
- The approach in relation to administering these contractor provisions for medical practices is longstanding and has not recently changed. In their current form, these provisions in the *Payroll Tax Act 1971* have been in place since 2008.
- In view of the potential lack of awareness of the relevant contractor provisions among general practitioners, and in recognition that further clarity regarding the application of the contractor provisions was provided in 2021 in the New South Wales *Thomas and Naaz* case, the Acting Commissioner of State Revenue has decided that audit activity in relation to the application of the contractor provisions as they relate to general practitioners will be limited to 2021-22 and subsequent financial years. Arrangements of this nature are not commonplace.
- Details regarding this limitation for general practitioners will continue to be worked through and will be advised to peak medical bodies once completed.
- QRO has welcomed positive discussions with peak medical bodies and encourages them to continue to work with QRO.

Achievements

- The 2022-23 State Budget delivered a record commitment for frontline health services and high-quality healthcare infrastructure.
- Queensland has a competitive payroll tax framework, and the government is providing payroll tax relief to small and medium businesses across the state through an adjustment to the existing payroll tax deduction framework that took effect on 1 January 2023.
- On 1 January 2023, the ceiling on payroll tax deductions was extended from \$6.5M in wages up to \$10.4M, with the phase out rate being increased to \$1 for every \$7 of taxable wages above the \$1.3M threshold. Prior to this change, the payroll tax deduction phased out at a rate of \$1 for every \$4 of taxable wages.
- Additionally, Queensland's payroll tax exemption threshold of \$1.3M is one of the highest thresholds of all states and territories, meaning that most small businesses would not be liable for payroll tax. The standard rate of payroll tax of 4.75 per cent is one of the lowest tax

rates compared to other jurisdictions, and there is a one percentage point discount for eligible regional employers.

Background

- There have been media reports about payroll tax issues relating to medical practices. Media reports have alleged that:
 - QRO has changed the way it interprets and applies the “relevant contract” provisions in the *Payroll Tax Act 1971* following the NSW decision in *Thomas and Naaz*;
 - QRO is specifically targeting medical practices in payroll tax audits; and
 - increased payroll tax liabilities for medical practices (or having to “backpay” payroll tax for multiple prior financial years) will place further pressure on the health system and will ultimately impact patients.

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