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Information Circular	Information Circular Number 106 Payroll Tax Amnesty for Medical Practices
Status	Current Updated 27 September 2023 to: <ul style="list-style-type: none"> Extend registration period to 30 November 2023
Legislation	<i>Payroll Tax Act 2009</i>
Date Issued	27 September 2023 View original released 30 June 2023

Introduction

Under the *Payroll Tax Act 2009*, payroll tax is imposed on taxable wages paid or payable by an employer. Relevantly, payments made under a relevant contract are subject to payroll tax, unless an exemption applies.

The *Taxation Administration Act 1996* supports the *Payroll Tax Act 2009* (by providing general provisions relating to the administration of payroll tax. For example, in relation to the making of assessments, including reassessments, and providing for refunds.

Payments made to general practitioners (GPs) under a relevant contract are subject to payroll tax under the *Payroll Tax Act 2009*, unless an exemption applies. [Revenue Ruling PTASA003](#) clarifies how the relevant contract provisions apply to businesses that run medical practices.

While the relevant contract provisions in their current form have been in place since 2009, and the provisions are harmonised with most other states and territories, it has been identified that there is a potential widespread lack of awareness of the application of the relevant contract provisions in the *Payroll Tax Act 2009* among medical practices that engage general practitioners under contract arrangements.

On 22 June 2023, the Treasurer approved a temporary payroll tax amnesty measure in relation to payments made to contracted GPs up until 30 June 2024, to incentivise and support medical practices to bring themselves forward and into compliance with their payroll tax obligations.

This Information Circular explains how the Commissioner of State Taxation will administer the payroll tax amnesty on payments to contracted general practitioners.

Definitions

Amnesty period

Means between 1 July 2018 and 30 June 2024 (being the financial years 2018-19, 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24).

Designated medical practice

Means an employer for payroll tax purposes that conducts a medical centre business (as set out in [Revenue Ruling PTASA003](#)) that:

- (a) meets the criteria for registration under section 86 of the *Payroll Tax Act 2009* but is not registered for payroll tax in South Australia and makes payments to contracted general practitioners; or
- (b) is registered for payroll tax in South Australia but is not declaring its payments to contracted general practitioners for payroll tax.

To remove any doubt, it does not include a medical practice that:

- does not make payments to contracted general practitioners during the amnesty period; or
- commenced operation or commenced making payments to contracted general practitioners on or after 22 June 2023; or
- has been lodging and declaring its payments to contracted general practitioners for payroll tax purposes before 22 June 2023, without being subject to audit activity.

General practitioner (GP)

Means a doctor registered as a general practitioner with the Medical Board of Australia.

Payments to contracted general practitioners

Means payments that are made under a contract between a medical practice and a general practitioner that is a relevant contract, which are not exempt.

Relevant contract

Means a contract as set out in [Revenue Ruling PTASA003](#).

Amnesty Program

Medical practices that receive the amnesty will not pay payroll tax on payments to contracted general practitioners during the amnesty period. This means that medical practices that receive the benefit of the amnesty would commence paying payroll tax on payments made to contracted general practitioners from 1 July 2024, where an exemption to the relevant contract provisions does not apply.

The amnesty will provide medical practices who are not currently complying with their payroll tax obligations, or have been subject to audit activity, in relation to payments to contracted general practitioners with sufficient time to review their arrangements, seek advice, and implement necessary changes to ensure future compliance with their payroll tax obligations.

Eligibility requirements for the amnesty

The amnesty applies to medical practices that:

- are a designated medical practice;
- submit an expression of interest to RevenueSA by 30 November 2023;
- make a voluntary disclosure and, if not already registered for payroll tax, register for payroll tax in South Australia by 30 June 2024; and
- comply with its ongoing payroll tax obligations after making the voluntary disclosure, this includes from 1 July 2024.

For the purposes of determining whether a medical practice is required to be registered for payroll tax under Part 3, Division 1 of the *Payroll Tax Act 2009*, taxable wages will include the amount of payments to contracted general practitioners.

To constitute a voluntary disclosure, designated medical practices will need to voluntarily provide the Commissioner of State Taxation with all of the information that the Commissioner of State Taxation considers is necessary to properly determine the practice's payroll tax obligations.

To remove any doubt, a medical practice that does not satisfy each requirement listed above will not be eligible for the amnesty.

If the Commissioner of State Taxation is satisfied a medical practice failed to submit an expression of interest by 30 November 2023 due to exceptional circumstances, the Commissioner of State Taxation may extend the time for submitting an expression of interest.

The Commissioner of State Taxation's decision that a medical practice is not eligible for the amnesty, or a decision not to extend the time for submitting an expression of interest, are non-reviewable.

Effects of the amnesty for payroll tax

The following applies to medical practices that satisfy the eligibility requirements for the amnesty.

The Commissioner of State Taxation will administer the *Payroll Tax Act 2009* on the following basis:

1. payments to contracted general practitioners will not be included in assessing the medical practice's payroll tax liability during the amnesty period; and

Example

A medical practice pays \$1.5 million in taxable wages in the 2022-23 financial year, including \$400,000 of payments to contracted general practitioners.

As the medical practice's taxable wages (excluding payments to contracted general practitioners) of \$1.1 million (\$1.5 million less \$400,000) are under the \$1.5 million threshold, it will not be liable to pay payroll tax for the 2022-23 financial year. If this entity is not registered for payroll tax purposes it will be required to register for payroll tax prior to 30 June 2024, in accordance with the eligibility requirements, in order to access the benefits of the amnesty.

In the 2023-24 financial year, the medical practice pays \$2 million in taxable wages, including \$400,000 of payments to contracted general practitioners.

The medical practice's payroll tax liability will be assessed based on \$1.6 million of taxable wages (\$2 million less \$400,000). As the medical practice's taxable wages (excluding payments to contracted general practitioners) exceed the \$1.5 million threshold, it will be liable to pay payroll tax based on \$1.6 million in taxable wages for the 2023-24 financial year.

2. if the medical practice has already paid payroll tax in relation to payments to contracted general practitioners during the amnesty period as a result of audit activity, a reassessment of payroll tax will be made to exclude those payments. A refund may be made in accordance with Part 4, Division 2 of the *Taxation Administration Act 1996*.

To remove any doubt, the amnesty only applies to medical practices that satisfy the eligibility requirements for the amnesty. Where a medical practice is a

member of a group for payroll tax purposes, each group member that applies for the amnesty must separately satisfy the eligibility requirements.

Application for the amnesty

[Registration to be part of the amnesty program](#) needs to be completed and submitted for each medical practice wishing to apply for the amnesty. If medical practices in a payroll tax group all want to express their interest in the amnesty, each practice in that group needs to submit a separate expression of interest form by 30 November 2023.

To remove any doubt, medical practices that have been, or are, subject to audit activity, will have to [register to be part of the amnesty program](#) if they wish to apply for the amnesty.

Once the registration period has closed, RevenueSA will contact each registered medical with details about the requirements for the amnesty. Designated medical practices will then have until 30 June 2024 to review their arrangements and make voluntary disclosures to RevenueSA. If not already registered for payroll tax, designated medical practices will also need to register for payroll tax in South Australia.

Voluntary disclosures

To constitute a voluntary disclosure, the information provided by a designated medical practice needs to contain sufficient information for the Commissioner of State Taxation to assess the practice's eligibility for the amnesty and determine its payroll tax obligations.

Designated medical practices will generally need to provide annual wage information (including the amount of payments to contracted general practitioners) for the 2023-24 financial year. They may be requested to provide information for the previous 5 financial years.

Where a designated medical practice does not have records for this full period, RevenueSA will work with the practice about what it needs to provide to satisfy this requirement. Wage estimates from the designated medical practice may be acceptable in certain circumstances.

The Commissioner of State Taxation may request further information to determine a medical practice's eligibility for the amnesty and its payroll tax obligations. For example, information may be required to confirm that the practice is a designated medical practice for the purposes of the amnesty.

Medical practices wanting certainty in relation to the payroll tax treatment of their arrangements may provide copies of agreements with contracted general practitioners to RevenueSA as part of their voluntary disclosure.

Registering for payroll tax

Employers whose taxable wages exceed the payroll tax registration threshold (currently \$1.5 million) that are not currently register for payroll tax in South Australia must do so before 30 June 2023

For information on registering for payroll tax in South Australia, see the [register for payroll tax page](#) on RevenueSA's website.

Ongoing obligations

If a medical practice is liable to pay payroll tax on its taxable wages, exclusive of payments to contracted general practitioners. For example, if the medical practice is paying payroll tax in relation to administrative and support staff, the practice needs to lodge returns for those wages and will be assessed for payroll tax on those wages during the amnesty period.

From 1 July 2024, a medical practice must continue to comply with their payroll tax obligations (for example, lodging payroll tax returns) and start paying payroll tax on payments to contracted (where an exemption to the relevant contract provisions in the *Payroll Tax Act 2009* does not apply).

Compliance activity

From 1 July 2024, medical practices that did not participate in the amnesty may be subject to compliance activity.

Administration

Other provisions in the *Payroll Tax Act 2009* and *Taxation Administration Act 1996* continue to operate to the extent they are not related to payments to contracted general practitioners. For example, objections provisions under Part 6, Division 1 of the *Taxation Administration Act 1996*.

In particular, the amnesty does not alter the operation of interest or penalty tax for any assessments made as part of administering the amnesty.

Example

A medical practice registers for payroll tax as part of satisfying the eligibility requirements for the amnesty. Its taxable wages (excluding payments to contracted general practitioners) exceed the \$1.5 million threshold for the 2023-

24 financial year. The medical practice will be assessed for payroll tax on its taxable wages (excluding payments to contracted general practitioners) for the 2023-24 financial year and interest and penalty tax will be imposed in accordance with the *Taxation Administration Act 1996*.

Julie Holmes
COMMISSIONER OF STATE TAXATION

Further Information

Further information is available from:

- [Payroll tax amnesty for contracted practitioners page](#)
- [Revenue Ruling PTASA003](#)