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Payroll tax will put paid to training places

By
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Many practices will stop taking on registrars if required to pay the ~5% tax, according to a survey by the GP supervisors' body.

The fallout from the Queensland Revenue Office ruling on medical practices and payroll tax could extend as far as GP training, the supervisors' association warns.

General Practice Supervision Australia said that the prospect of paying payroll tax on contractor GPs as well as registrars has been enough to turn some practices off committing to provide training into the future.

While medical centres have long operated on the assumption that tenant doctors are contractors instead of employees – thus making them exempt from payroll tax – recent developments in case law have clarified that this will not always be the case.

Last month, the QRO released a public ruling making it clear that it would be applying a very wide definition of employee when it came to payroll tax audits.

Registrars tend to already be considered employees by most medical centres and are often the only doctors that a clinic will already pay the tax on.

Payroll tax differs from state to state, but generally takes around 5% of gross earnings.

GPSA, which represents GP and rural generalist training practice owners, supervisors and practice managers, surveyed around 580 members from across the country and found that roughly 90% of clinics were making profits of 4.75% or less.

Having fewer supervisors, the organisation said, threatens training quality.

“The future of general practice relies on the continued delivery of high-quality in-practice training for GP and RG trainees, which in turn relies on the sustainability of training practices,” GPSA chair Dr Kevin Arlett said.

“Any more financial pressure right now will be the last straw for many just hanging on out there.”

Some 87% of responding members agreed that practice owners will probably or definitely have to pass on the cost of payroll tax to patients.

While 94% of practices would either definitely or possibly offer training placements for the next five years if there was no payroll tax threat, this number dropped to just over 50% if all jurisdictions adopted the QRO stance, with only 14% saying they would definitely still offer placements.

Most respondents indicated that they would like to continue supervising, but needed specific information about how the tax ruling will affect them personally.

More than three-quarters of survey respondents in Queensland indicated that their practice had sought accountancy advice over the tax situation, and two-thirds had sought legal advice.

“[The QRO ruling] has thrown these businesses into chaos with the rushed implementation of new contracts, removal of rosters, booking system changes, revised consultation fees – and this is less than two weeks out from the new training semester,” Dr Arlett said.

“[Instead] we should be focused on onboarding new registrars and settling them into a welcoming clinical learning environment.”