



Andrew Barr MLA

Chief Minister

Treasurer

Minister for Climate Action

Minister for Trade, Investment and Economic Development

Minister for Tourism

Member for Kurrajong

Mr Tom Duncan

Clerk

ACT Legislative Assembly

Tom.Duncan@parliament.act.gov.au

Dear Mr Duncan 

Thank you for your letter of 19 March 2024 regarding Petition 024-23 lodged in the ACT Legislative Assembly on 19 March 2024.

My response to the petition is attached.

Yours sincerely




Andrew Barr MLA

Treasurer

14 June 2024

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Response to petition *E-PET-024-23 Stop the ACT Government's GP Tax*

The ACT Government has not introduced a new tax on medical practice businesses or made any decisions which applied payroll tax to medical practices. The contractor provisions are a long-standing feature of the payroll tax laws and there have been no recent changes to these provisions or any reinterpretation of payroll tax legislation.

Medical practices are treated the same way as any other business operating in the ACT for payroll tax purposes. There is no "GP tax". Unless a specific exemption applies, payroll tax applies equally to all non-government businesses and industries in the ACT. This is an essential pillar in ensuring equality in tax system design. Providing a payroll tax exemption for general practitioners would inevitably lead to calls from other occupations for similar exemptions.

The ACT has the highest payroll tax-free threshold in Australia at \$2 million per annum. This means most small and medium-sized businesses, including most GP medical centres, fall below this threshold and are not liable for any payroll tax. Payroll tax in the ACT is focused on large national and multinational corporations and provides revenue to fund essential services for the Canberra community.

While there have been no changes to the law, the Government has acknowledged a previous lack of awareness of the application of the payroll tax laws among medical practices. Significant concessions have been provided to medical practice businesses which are not available to any other businesses. Payroll tax liabilities until 30 June 2023 for medical practices that have not previously paid payroll tax on GP payments have been waived – this ensures medical practice businesses are not subject to retrospective assessments. Additionally, medical practices which bulk bill at least 65 per cent of non-referred GP attendances are able to apply for a further two year payroll tax exemption on payments to GPs.

The Government recognises the vital role that general practice plays in our community's well-being. By assisting medical practice businesses that are supporting the community with significant levels of bulk billing, the ACT Government is seeking to enhance access to fully subsidised primary healthcare. We remain committed to accessible and affordable healthcare for all Canberrans and better integrating care across all parts of the health system.