

MEDIA RELEASE

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Payroll tax exemption for GPs welcome

AMA Queensland congratulates Queensland Treasurer David Janetzki for confirming that general practices are immediately exempt from payroll tax on wages paid to GPs.

"This is a great result and one that AMA Queensland has been fighting for since 2021 when the interpretation of payroll tax changed without warning," AMA Queensland President Dr Nick Yim said.

"Practices were hit with unexpected, backdated tax bills that threatened their viability. They were faced with passing these new costs on to their patients or closing their doors.

"After much pressure from AMA Queensland and the RACGP, the former Labor government introduced a new Public Ruling and an amnesty to give practices time to reorganise their business models so they did not incur the new tax.

"However, many practices were still uncertain about what would happen when the amnesty ended.

"Non-GP private specialists also did not qualify for the amnesty.

"The Treasurer's announcement that, effective immediately, wages paid or payable by a medical practice to a GP or GP Registrar are not subject to payroll tax provides certainty for GPs and their patients, and we thank the new government for this action.

"We will continue to advocate for this exemption to be expanded to all private medical practices, in the same way that all public and some private hospitals are exempt."

Background

- General practices pay payroll tax on employees like nurses, receptionists and administration staff, but GPs have generally been contractors who work out of the premises, rather than being employed by the practice.
- A New South Wales tribunal ruling in 2021 found that tenant GPs could be regarded as employees and therefore subject to payroll tax.
- Under tax harmonisation rules, Queensland general practices began receiving backdated tax liabilities in late 2021.
- The Queensland Government granted an amnesty for practices to mid-2025 to restructure their business models so that payments made by a patient directly to their GP, including Medicare rebates, would not attract the tax.
- However, the implementation next year by the Commonwealth Government of MyMedicare, which ties MBS rebates for eligible patients to the practice, not the individual GP, put this ruling in doubt.
- The LNP announced on 29 September that if elected, it would legislate to exempt general practice from payroll tax.
- On 9 October, Labor also promised an exemption.

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