

# MPs can protect patients from the impact of payroll tax by implementing an exemption for general practices



## IMPACT on General Practice

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Payroll tax has implications for all medical practices, but general practices have the potential to be hardest hit.

The financial stability of general practice has been under threat for years and recent payroll tax decisions will push some practices to consider whether they can continue to remain open.

Payroll tax will exacerbate challenges to healthcare access if some practices are forced to close their doors.

Australia is facing a critical shortage of GPs. The AMA estimates there will be an undersupply of around 10,600 GPs by 2031-32, if GP training places continue to remain unfilled, and the rate of retirement and attrition from the profession escalates.

Factors that are contributing to this worsening GP shortage include unsustainable workload, burnout, mounting administrative burden and inadequate remuneration.

General practice is important for patient health. Patients who regularly visit general practice have better health outcomes by every measure – lower rates of hospitalisation, better satisfaction, and longer periods of good health.

General practices need a payroll tax exemption.



### KEY FACTS

**AMA (NSW) asked practice owners what measures they would take if liable for payroll tax:**

**89%**

**of general practices would increase fees to patients.**

**83%**

**of general practices would reduce bulk billing.**

**36%**

**of general practices would close.**

# PAYROLL TAX – Frequently Asked Questions

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What is payroll tax?

Payroll tax is a state-based tax that applies to employers.

Why should general practices be exempt?

Most doctors work as independent practitioners and are not employees of a practice.

Over the last 20 years, regulatory bodies, professional and accreditation bodies, and governments have all encouraged general practitioners to move away from models of solo general practice to models where a number of GPs practice from the same location.

Having multiple doctors at a common location is seen as beneficial for patients and GPs. Practising from the same location as others ensures there is professional support available to GPs, and patients benefit from the opportunity for colleagues to confer with one another. Patients also benefit from being able to readily access care from another GP at their regular practice if their regular GP is on leave or otherwise unavailable.

How does this affect me?

Successive governments have failed to keep the Medicare rebate in line with inflation, which has significantly impacted the financial viability of general practices. As a result, practices that are subject to payroll tax are unlikely to be able to absorb the cost. An AMA (NSW) poll of members found 36% of respondents said they would be forced to close if liable for payroll tax, while 89% said they would have to increase fees to patients.

For patients, this means either reduced access to healthcare or increased fees for appointments.

How can the State Government fix this issue?

The NSW Government can protect patients from the impact of payroll tax by implementing a payroll tax exemption for general practices. This would bring general practices in line with other health care services, such as public hospitals, local health districts, and not-for-profit hospital providers. Exemptions also currently exist for religious institutions, charitable organisations, education providers and government.