

AMA Queensland

TAX ON PATIENTS WILL CRIPPLE GENERAL PRACTICE

Media Release

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A greedy state tax grab on GPs and their patients could force many general practices to close, leaving patients in the lurch.

The Queensland Government is slugging struggling practices with retrospective bills of as much as \$3 million, going back five years.

“Our hardworking GPs are already at breaking point after almost three years of a pandemic,” AMA Queensland President Dr Maria Boulton said.

“Medicare rebates to patients have not kept pace with the rising costs of providing medical care for decades and costs have risen 10-15 per cent during the pandemic. GPs have subsidised the cost of the 31 million COVID vaccinations they provided and did so for the public good.

“Every day we see stories of practices closing and towns losing their only doctor. Earlier this year, the Tristar Medical Group collapsed, leading to the closure of dozens of general practices in rural and regional Australia.

“Now the Queensland Government is using a decision by a NSW tribunal to hit Queensland general practices with payroll tax.

“In most cases, GPs are not employed by their clinics. They have a service agreement to use clinic premises and administrative support, but the clinic does not pay their wages, superannuation or leave. These practices have been complying with the law for years.

“This is a tax on patients. General practices cannot bear these costs and will have no option but to pass them on to patients or close their doors.”

Dr Boulton said the crippling patient tax will mean the end of bulk billing in Queensland.

“The state government is effectively extinguishing any bulk billing in general practice. It is simply not viable for practices to continue bulk billing while having to pay unexpected bills of millions of dollars in some cases,” she said.

“Bulk billing will disappear completely and patients will go to emergency departments instead, overwhelming hospitals.

“This is an extremely short-sighted cash grab that will only exacerbate the problems in our GP workforce. For every dollar spent on general practice, there is a tenfold return to the healthcare system in terms of savings.

“So every dollar the state raises through this tax will cost them 10 times as much in the long term.

“Other states recognise this and are considering payroll tax exemptions for general practice. If NSW introduces an exemption and Queensland doesn’t, our clinics will be at a competitive disadvantage and GPs will move interstate.

“This effect will be immediate in border areas like the Gold Coast, Goondiwindi and Texas.

“We are calling on the Treasurer and the Queensland Government to consider the impact that this will have on the ability of patients to access medical care, consider the effect on our already strained health system, and exempt general practices from this patient tax.

“GPs have been subsidising patient care for decades. They cannot afford to continue to do so with the rising costs of providing quality medical services.

“It is time for all levels of government – state and federal – to step up and care for patients too.”

Case study:

Dr Aaron Chambers and his wife, who is a nurse and midwife, started a small family business with one practice in 2017. It has grown to three southside Brisbane clinics, with 25 GPs and 30,000 patients.

The GPs are customers of the business, working from the premises and billing patients under their own Australian Business Numbers (ABN). They work as a broad healthcare team to look after the community and still bulk bill childhood vaccinations and pensioners over 70.

“We take our legal and tax obligations to the community seriously. All our legal advice was that we are fully compliant with our obligations, and that payroll tax does not apply to independent GPs,” Dr Chambers said.

“We are more than happy to pay our payroll tax liability for our employees – our reception staff and other employees – but being forced to pay payroll tax on our customers’ earnings is completely unreasonable.”

Earlier this year, he received a letter from the Queensland Revenue Office advising him of a liability and giving him a fortnight to respond. He was then issued with a bill going back three years, which swallowed up the practice’s profit for those years and put further expansion into doubt.

“We are a profit-for-purpose business and reinvest into building a healthy community. We certainly do not make a mint. But we do take pride in serving our community. Any small business must turn a small profit to remain viable, and this change of rules is unworkable.

“This bill means patients are going to have to pay more, and it is absolutely unviable to continue bulk billing if this is applied. This is a tax on patients seeing their GP.”

Background:

1. GPs usually work under service agreements with practices.
2. The practice provides a service – the premises, plant and equipment, billing services, reception, and administrative and allied health staff, but does not pay GPs wages, superannuation, leave or other entitlements or benefits, or provide professional development and training.
3. Following a NSW Civil and Administrative Tribunal ruling, the Queensland Revenue Office (QRO) has deemed GPs to be employees for payroll tax purposes.
4. It is seeking to retrospectively tax individual practices for up to five years with a 75 per cent liability.
5. 81 per cent of Queensland general practices will be affected.
6. The QRO has refused to meet with practices to explain and justify its actions.

MEDIA NOTE:

Dr Maria Boulton and Dr Aaron Chambers will hold a doorstep at the Parliamentary Annexe, 2A George St Brisbane, at 9am Wednesday 9 November.
