

Revenue Rulings of not have the force of law.

Revenue Ruling	PTASA004 Payroll Tax Relief for Medical Practices
Status	Current
Version Number	3
Legislation	<i>Payroll Tax Act 2009</i> <i>Payroll Tax Regulations 2025</i>
Date Issued	12 September 2025

Purpose

The purpose of this Ruling is to explain the amendments made to the *Payroll Tax Act 2009* (SA) which were introduced as a result of an announcement made in the 2024-25 South Australian State Government Budget.

The *Statutes Amendment (Budget Measures) Act 2025* contained amendments to the *Payroll Tax Act 2009* to allow regulations to be made to prescribe the specific details for the Government's retrospective payroll tax amnesty on the contractor wages of certain medical practitioners and bulk-billing exemption on the wages of general practitioners (GPs) from 1 July 2024.

The *Payroll Tax Regulations 2025* prescribe the specific details for the retrospective payroll tax amnesty on the contractor wages of certain medical practitioners and the bulk-billing exemption on the wages of GPs from 1 July 2024.

The retrospective payroll tax amnesty only applies to contractor GP services and does not extend to GPs engaged as employees and other staff such as nurses, reception, administration staff, pathology and allied health services.

The bulk-billing exemption applies to contractor and employee GP services and does not extend to other staff such as nurses, reception, administration staff, pathology and allied health services.

Refer to [PTA041 Relevant Contracts – Medical Centres](#) for more information on how the relevant contract provisions apply to an entity that conducts a medical practice business.

This Ruling explains in detail when the retrospective payroll tax amnesty and the exemption will apply.

Background

An announcement was made as part of the 2024-25 South Australian State Government Budget (handed down on 6 June 2024) to provide relief from payroll tax for medical practices who engage GP contractors.

Section 17B of Division 3 of Part 3 of Schedule 2 of the *Payroll Tax Act 2009*, and the *Payroll Tax Regulations 2025*, have been introduced to implement that announcement.

The relief announced will be in the form of:

1. an amnesty for any unpaid payroll tax that was payable on wages paid or payable to relevant GP contractors prior to 1 July 2024.

Under the *Payroll Tax Regulations 2025*, the payroll tax amnesty applies where payroll tax has not been paid on wages paid or payable, or deemed by the *Payroll Tax Act 2009* to be paid or payable, by a prescribed medical practice to GPs, other non-GP specialists registered with the Medical Board of Australia and dentists for the period up to 30 June 2024. This means that the Government will not apply payroll tax to the otherwise taxable contractor wages of these practitioners for the years preceding the 2024-25 financial year.

2. an exemption from payroll tax on wages paid or payable to GPs on or after 1 July 2024 when certain conditions are met.

The *Payroll Tax Regulations 2025* prescribe a bulk-billing exemption on the wages paid or payable by medical practices to GPs for bulk billed services from 1 July 2024. The exemption operates such that the extent of GP wages that may be exempt in a medical practice is directly proportional to the rate of bulk billing that occurs in that medical practice.

Ruling

Definitions

For the purposes of the bulk-billing exemption, **bulk billed service**, in relation to a medical service provided by a general practitioner, means—

- (a) a medical service where—
 - (i) a Medicare benefit is payable to a person in relation to the medical service; and

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- (ii) under an agreement entered into under section 20A of the *Health Insurance Act 1973* of the Commonwealth—
 - (A) the person assigns to the general practitioner by whom the medical service is provided the person's right to the payment of the Medicare benefit; and
 - (B) the general practitioner accepts the assignment in full payment of the general practitioner's fee for the medical service provided; or
- (b) a medical service of a kind prescribed by the regulations for the purposes of this paragraph;

For the purposes of paragraph (b) of the definition of **bulk billed service** in Schedule 2 clause 17B(4) of the *Payroll Tax Act 2009*, the following kinds of medical service are prescribed:

- (a) a medical service provided under the *Veterans' Entitlement Act 1986* of the Commonwealth;
- (b) a medical service provided under the *Return to Work Act 2014*, or under a corresponding law.

designated medical practice means a medical practice at which some or all of the medical services provided by general practitioners who are engaged by the practice are bulk billed services;

general medical services table has the same meaning as in the *Health Insurance Act 1973* of the Commonwealth;

general practitioner means—

- (a) a medical practitioner who is registered under the *Health Practitioner Regulation National Law* in the specialty of general practice; or
- (b) a medical practitioner of a kind prescribed by the regulations for the purposes of this paragraph;

For the purposes of paragraph (b) of the definition of general practitioner in Schedule 2 clause 17B(4) of the *Payroll Tax Act 2009*, the following kinds of medical practitioner are prescribed:

- (a) a medical practitioner who is a general practitioner within the meaning of paragraph (b) of the definition of general practitioner in section 3(1) of the *Health Insurance Act 1973* of the Commonwealth;
- (b) a medical practitioner—

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- (i) who is not a specialist general practitioner or consultant physician (each within the meaning of the *Health Insurance Act 1973* of the Commonwealth); and
- (ii) who—
 - (A) is registered under section 3GA of the *Health Insurance Act 1973* of the Commonwealth and is practising during the period and in the location in respect of which the medical practitioner is registered, insofar as the circumstances specified for the purposes of section 19AA(3)(b) of that Act apply; or
 - (B) is covered by an exemption under section 19AB(3) of the *Health Insurance Act 1973* of the Commonwealth; or
 - (C) first became a medical practitioner before 1 November 1996.

medical service means—

- (a) a service in respect of which an item in the general medical services table applies; or
- (b) a service of a kind prescribed by the regulations for the purposes of this paragraph;

Medicare benefit has the same meaning as in the *Health Insurance Act 1973* of the Commonwealth.

Prescribed Medical Practice is a medical practice which successfully applied for the payroll tax amnesty for medical practices with contracted general practitioners approved by the Treasurer on 22 June 2023.

Relevant Contract is a contract under which a person supplies to another person services for or in relation to the performance of work as defined in section 32 of the *Payroll Tax Act 2009*.

The definition of wages for payroll tax purposes in South Australia includes a broad range of payments made in relation to the services provided by GPs and also includes any amount/s taken, or deemed, to be wages under section 35(1) of the *Payroll Tax Act 2009*.

Pursuant to section 35(1) of the *Payroll Tax Act 2009* payments made under a relevant contract by a medical practice are considered as wages for payroll tax purposes.

In the context of the medical industry, these payments made to contracted medical professionals for the performance of work may also be known as 'distributions'.

Refer to [PTA041 Relevant Contracts – Medical Centres](#) and in particular Example 10 for more information.

Bulk-Billing Exemption

Relevant general practitioner wages paid or payable on or after 1 July 2024

A medical practice (the employer) is entitled to an exemption from payroll tax paid or payable for relevant general practitioner wages if the wages are paid or payable on or after 1 July 2024. The *Payroll Tax Regulations 2025*, in relation to bulk billed services, declare a percentage of wages determined in a prescribed manner paid or payable to general practitioners engaged by a designated medical practice in the provision of medical services to be exempt wages.

For the purposes of the exemption, the percentage of wages determined in accordance with subregulation (2) paid or payable to general practitioners engaged by a designated medical practice in the provision of medical services during a prescribed period are declared to be exempt wages.

The percentage of wages that are exempt wages is to be determined according to the following formula:

$$A = \frac{B}{C} \times 100$$

Where—

A is the percentage of wages declared to be exempt wages for the prescribed period

B is the total number of bulk billed services, other than services of a kind referred to in Schedule 1 Part 3 Division 3.2 of the *Health Insurance (General Medical Services Table) Regulations 2021* of the Commonwealth, provided by general practitioners engaged by the designated medical practice during the prescribed period

C is the total number of medical services, other than services of a kind referred to in Schedule 1 Part 3 Division 3.2 of the *Health Insurance (General Medical Services Table) Regulations 2021* of the Commonwealth, provided by general practitioners engaged by the designated medical practice during the prescribed period

A medical consultation may involve multiple services, not all of which are bulk billed or qualify for the bulk billing exemption.

Only those services that are fully bulk billed through Medicare count as bulk billed services (B) for the exemption calculation. Bulk billing incentive (BBI) payments, such as additional Medicare payments for unREFERRED services provided to patients under 16 or to Commonwealth concession card holders, must be excluded from the calculation for both bulk billed services (B) *and* medical services (C). For more information about BBIs, including item numbers and eligibility criteria based on location and patient type, refer to the RACGP fact sheet.

Example 1: Calculating the percentage exemption

If a designated medical practice engages GPs (both as employees and contractors) to provide medical services and 80% of the medical services are provided under a bulk-billing service, 80% of the wages paid to the GPs are entitled to an exemption from the payroll tax paid on those wages.

For illustrative purposes, the figure of 80% is determined as follows – of the 10,000 billed items the practice conducts in a 12-month period, 8,000 of those are bulk billed.

$$8,000/10,000 \times 100 = 80\% \text{ wages exemption deduction}$$

Example 2: Universal bulk billing

A Pty Ltd (the employer) operates a designated medical practice and engages four GPs to provide medical services.

A Pty Ltd has a bulk-billing service in place whereby the four GPs' services are entirely bulk billed.

As such, A Pty Ltd is entitled to a full exemption from payroll tax on the wages paid to the four GPs.

Example 3: Services across multiple practices

ABC Health Services, a designated medical practice, operates four clinics across South Australia. GPs may work exclusively at one clinic or across multiple locations.

The bulk billing exemption percentage is calculated based on the total services aggregated across all four clinics.

For example, if:

- Clinic 1 provides 2,000 bulk billed services out of 3,000 total medical services (being 66%)
- Clinic 2 provides 1,500 bulk billed services out of 3,000 total medical services (being 50%)
- Clinic 3 provides 4,500 bulk billed services out of 8,000 total medical services (being 56%)
- Clinic 4 provides 500 bulk billed services out of 600 total medical services (being 83%)

The combined total is 8,500 bulk billed services out of 14,600, resulting in an overall exemption percentage of 58%.

Example 4: Counting services from a consultation

Dr. Smith has a consultation with a patient. The consultation consists of two medical services; the consultation and another medical service performed during the consultation that meets the criteria for eligibility to be included in the bulk billing exemption.

The patient is bulk billed for the consultation but is privately billed for the other medical service performed during the consultation.

For the purposes of the bulk billing exemption calculation, Dr Smith has provided one bulk billed service (B) and two medical services (C).

Example 5: Bulk billing incentives

Dr. Smith has a consultation with a patient. The patient is a Commonwealth concession card holder.

The consultation consists of three medical services; the consultation and two other medical services performed during the consultation that meet the criteria for eligibility to be included in the bulk billing exemption.

The patient is bulk billed for all three medical services. Additionally, Dr Smith co-claims a bulk billing incentive from Medicare for each of the three medical services provided. This means Dr Smith has claimed six bulk billed payments

from Medicare – the three bulk billed services and the three co-claimed incentive payments.

For this consultation, the medical practice would include three bulk billed services (B) and three medical services (C) in the calculation of the bulk billing exemption.

The bulk billing incentive items that Dr Smith has co-claimed from Medicare **are not** included in the formula calculation for either (B) or (C).

Wages paid or payable by a designated medical practice providing services to patients where the cost is covered by an arrangement apart from a prescribed billing arrangement

If a designated medical practice engages GPs to provide GP services to patients where there is no out of pocket cost or gap fee for the patient due to an arrangement apart from a prescribed billing arrangement, those services are not a 'bulk-billing service'.

Example 6: Cost is covered by an arrangement

DEF Medical Centre engages GPs to provide services under a special government-funded program where patients do not pay any fees.

These services are not bulk billed services, and thus, the wages paid to the GPs are not exempt wages and are liable to payroll tax.

Payroll tax amnesty exemption on relevant contractor wages paid or payable to GPs for the 2018-19 to 2023-24 financial years

The exemption only applies if the medical practice applied for and was approved for the temporary amnesty announced by the Treasurer on 22 June 2023 for which the registration period closed on 30 November 2023. More information on the temporary amnesty can be found in RevenueSA's [Information Circular 106 – Payroll Tax Amnesty for Medical Practices](#)..

Those medical practices who did NOT apply for the amnesty remain liable for payroll tax incurred in the years preceding 1 July 2024 if their taxable wages exceeded the threshold.

For the purposes of Schedule 2 clause 17C(1) of the *Payroll Tax Act 2009*, Regulation 5 of the *Payroll Tax Regulations 2025* provides that wages paid or payable or deemed by the *Payroll Tax Act 2009* to be paid or payable for the 2018-

19 to 2023-24 financial years, by a prescribed medical practice to a GP engaged by the practice in the provision of medical services under a relevant contract are exempt, unless payroll tax has already been paid on those wages before that date.

Where payroll tax has not been paid in respect of relevant GP wages paid or payable for the 2018-19 to 2023-24 financial years, the exemption applies and the employer is not required to declare those payments as wages for payroll tax purposes.

However, where an employer has already paid payroll tax in respect of relevant GP wages paid or payable for the 2018-19 to 2023-24 financial years, that employer is not entitled to a refund of that tax.

For the purposes of the 2018-19 to 2023-24 financial years exemption, the exemption applies to both bulk billed and non-bulk billed medical services.

Example 1: Payroll tax not paid

XYZ Medical Centre operates in South Australia and engages GP contractors under relevant contracts. The centre did not pay payroll tax on the wages paid to these GPs for the 2018-19 to 2023-24 financial years.

XYZ Medical Centre participated in the Amnesty.

The payroll tax exemption accordingly applies to the wages paid to the GPs for the 2018-19 to 2023-24 financial years.

Example 2: Payroll tax paid

ABC Medical Practice paid payroll tax on the wages of its GP contractors for the 2018-19 to 2023-24 financial years.

ABC Medical Practice participated in the Amnesty.

As the payroll tax has already been paid, ABC Medical Practice is not entitled to a refund for the payroll tax paid on those wages.

Records to be kept

To allow the Commissioner of State Taxation to verify the amount of any exemption claimed for a financial year, sufficient records must be kept to verify the amount of the exemption.

Examples of records that should be maintained include:

- the number of GP services that are bulk-billed and the total number of GP services (i.e. both bulk billed and not bulk billed); and
- the GP wages for the financial year.

Ben Tuffnell
DEPUTY COMMISSIONER OF STATE TAXATION

History

Ruling Number	Version Number	Issue date
PTASA004	1	16/05/2025
PTASA004	2	01/07/2025
	<i>Addition of the legislative position with respect to bulk billing incentive payments, including examples 4 & 5.</i>	
	<i>Description added to example headings.</i>	
PTASA004	3	12/09/2025
	<i>Clarification of the legislative position with respect to services across multiple practices (example 3).</i>	