

Emerging Business Trends in General Practice: Payroll Tax and Business continuity

Tuesday, 13th November 2024

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Acknowledgement of Country

North Western Melbourne Primary
Health Network would like to acknowledge the
Traditional Custodians of the land on which our
work takes place, The Wurundjeri Woi Wurrung
People, The Boon Wurrung People and The
Wathaurong People.

We pay respects to Elders past, present and emerging as well as pay respects to any Aboriginal and Torres Strait Islander people in the session with us today.



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All attendees are muted

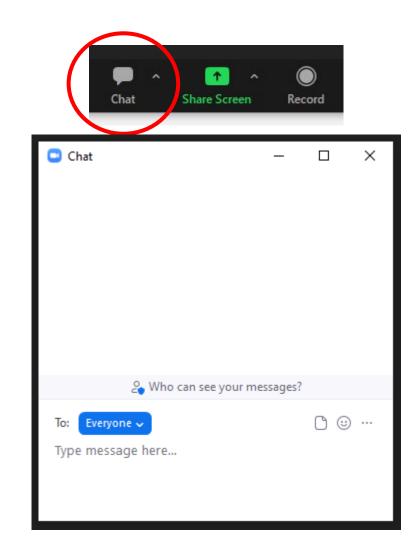
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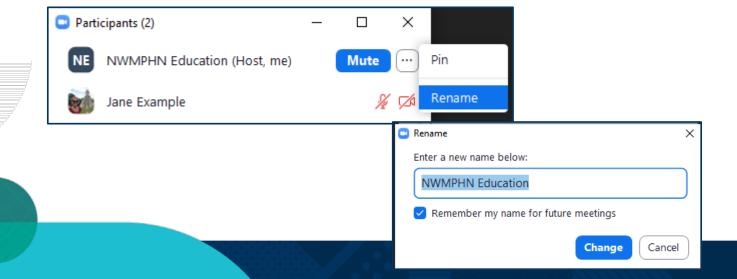
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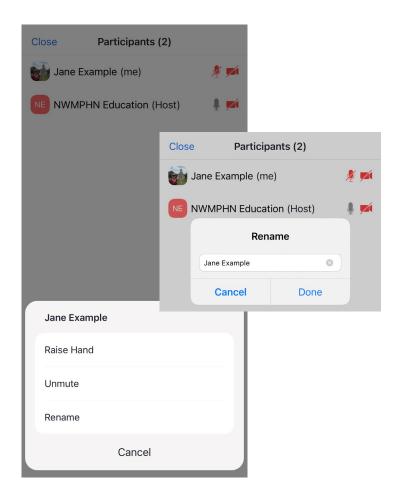
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- 2. App: click on your name

Desktop: hover over your name and click the 3 dots

Mac: hover over your name and click More

- 3. Click on *Rename*
- 4. Enter the name you registered with and click **Done / Change / Rename**





Speakers

David William – Avant Law

Dr David Williams is General Manager of Avant Practice Solutions and a practicing neurologist. Since 2010 he has managed his own practice, which now has 40 doctors over five sites. During that journey he has applied his learning to build Avant Practice Solutions, which supports hundreds of general practices around Australia with practice management consulting, off-site reception support and medical bookkeeping. David works closely with his experienced team of practice managers to deliver highly efficient services to help improve practice performance.

Marko Novakov – Avant Law

Marko Novakov is a Senior Associate in the Commercial and Corporate Law practice at Avant Law Commercial, based in Melbourne. He has a wide range of experience in private practice and in-house legal roles, assisting clients on a range of commercial transactions and disputes, privacy and corporate governance, and business structuring and restructuring. Since 2023, Marko has focused on assisting clients in the health industry. He enjoys working closely with clients, providing solutions-focused advice to help them achieve strategic and commercially sensible results.

General Disclaimer

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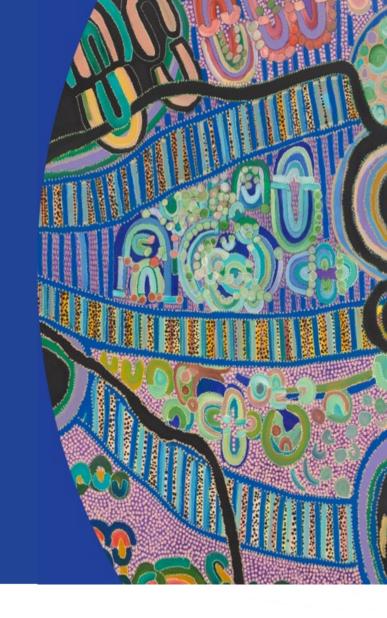
Viability of a General Practice

Fundamentals, Best Practice and Your Strategy



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In the spirit of reconciliation, Avant acknowledges the Traditional Custodians of Country throughout Australia, and their connections to land, sea and community. As a national organisation, we pay our respects to Elders past and present, of the lands on which we gather and work, and extend that respect to all Aboriginal and Torres Strait Islander peoples.









Viability of a General Practice

- Is there a need for a service
- Do you have access to a sustainable workforce
- Can the practice generate revenue
- Can the business produce a profit



Need for a Service

→Community Perspective

Population
Demographics
Competition
Unmet needs
Accessibility
Amenity
Personality







Need for a Service → Practice Perspective

Specialty Interest Hours of Operation Mix of Services







Tips

Focus the practice on:

- 1. What is needed (by patients)
- 2. What the practice can deliver
- 3. Engineer services to meet a need









Do you have access to a sustainable workforce?

- What roles does your business need?
- What structure do you have?
- What on-boarding and training materials do you own?
- Are your PDs fit for purpose?



Sustainable Workforce

- Appropriate roles
 Nurses as nurse
 In-house vs. outsource
- 2. Workforce analysis
 Capability
 Capacity
- 3. Practice Management
- 4. Administration Duties

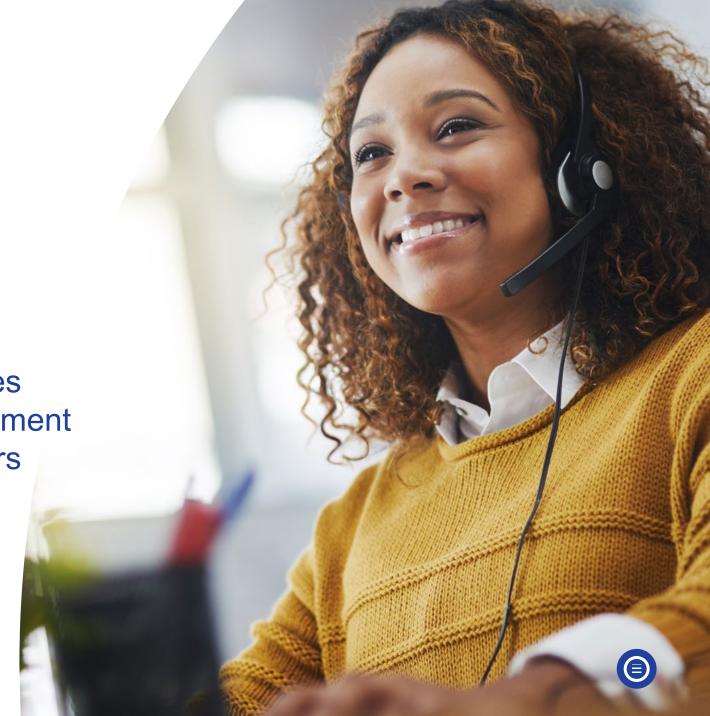




Tips

Optimize human resources

- 1. Outsource bookkeeping
- 2. Use "overflow" admin services
- 3. Outsource business management
- 4. Streamline services to doctors
- 5. Nurses for nurse duties







Can the practice generate revenue?

- Measure occupancy
- Measure administration per patient/session/room
- Understand financial handling workflows
- Review the Nurse Utilisation Plan
- Create a Business Plan and Budget



Generating Revenue

Take time on this topic Consider a Gap Analysis from a Practice/Bu **Management Consultancy** Assess doctors' efficiency (?Al scribe) Understand MBS schedule and item utilization





Tip

An independent expert review can show
Best reporting tools to use
Whole-of-team approach to revenue generation
Internal "champions of change"









Can the business produce a profit?

- Expenses are less than revenue
- Revenue is more than expenses
- Management requires setting goals & expectations of what is good
- Goals should be underpinned by a Mission Statement & Values that the whole team can get behind



Produce a Profit

Budget and business plan
Review of billing strategy and pricing
Understand revenue sources in your practice







Tips

Easy wins for expenses
Outsource management duties
Take nurses off the front desk
Train staff in efficiencies and set SMART goals
Review utilities, phone and consumable suppliers' pricing







Tips

Easy wins for revenue
Regular review of MBS item numbers
Optimise nurse utilisation
Focus on 100% incentive payments
Strategic review of Billing (e.g. surge pricing, BB strategy)









Practice Viability – take aways

- Apply business management principles to your practice Business
- Government funding underwrites business revenue focus on this
- Be active in managing expenses, particularly in revenue generating roles

- Seek advice
- Invest in expertise





Questions?

Meet with Avant Practice Solutions





Scan the QR Code to request a meeting with one of the Avant Practice Solutions team

Payroll Tax

13 November 2024



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A Brief Overview of Payroll Tax

Payroll Tax is a State Based Tax – it is not a Commonwealth Tax as such the rates of tax and the application of the tax differs from State-to-State and Territory.

Where payroll tax is being applied, doctors are NOT being considered "employees" in the normal sense but the agreements between the doctors and the practice are considered "relevant contracts" which can make them subject to payroll tax.

Payroll tax is calculated on amounts paid by the "deemed employer" to the "deemed employee".

Payroll tax threshold for VIC as at 1 July 2024 - \$900,000 annual returns / \$75,000 monthly returns.

Flow of funds (patient billing) to the doctor is critical – but not the only factor – to assessing potential liability for payroll tax.



How Payroll Tax Made the Headlines for Doctors

The primary cases:

- Thomas and Naaz Pty Ltd v Chief Commissioner of State Revenue (2021) NSWCATAD 259
 - Three practitioners paid directly from patient funds were excluded from the calculations.
- Commissioner of State Revenue (Vic) v The Optical Superstore Pty Ltd [2019] VSCA 197
- Commissioner of Taxation v Healius Ltd [2020] FCAFC 173
- Homefront Nursing Pty Ltd v Chief Commissioner of State Revenue [2019] NSWCATAD 145



Steps for Calculating Payroll Tax

Step 1: Is the individual an employee?

Step 2: Is the individual "deemed" to be an employee?

Step 3: Is the "person" (can be an individual or entity) a contractor with a "relevant contract" in place?

Step 4: Do any exemptions apply?

Step 5: What are the "deemed wages" under that relevant contract?



State Based Payroll Tax and Medical Centres

Parties to a 'relevant contract' are deemed to be employers and employees and payments made under a contract are deemed to be wages. Deemed wages are subject to payroll tax.

The "relevant contract" States:

- New South Wales Ruling PTA 041 for Payroll Tax Act 2007
- South Australia Ruling PTA 041 for Payroll Tax Act 2009
- Victoria Ruling PTA 041 for *Payroll Tax Act 2007*
- Queensland Ruling PTAQ 000.63 for Payroll Tax Act 1971



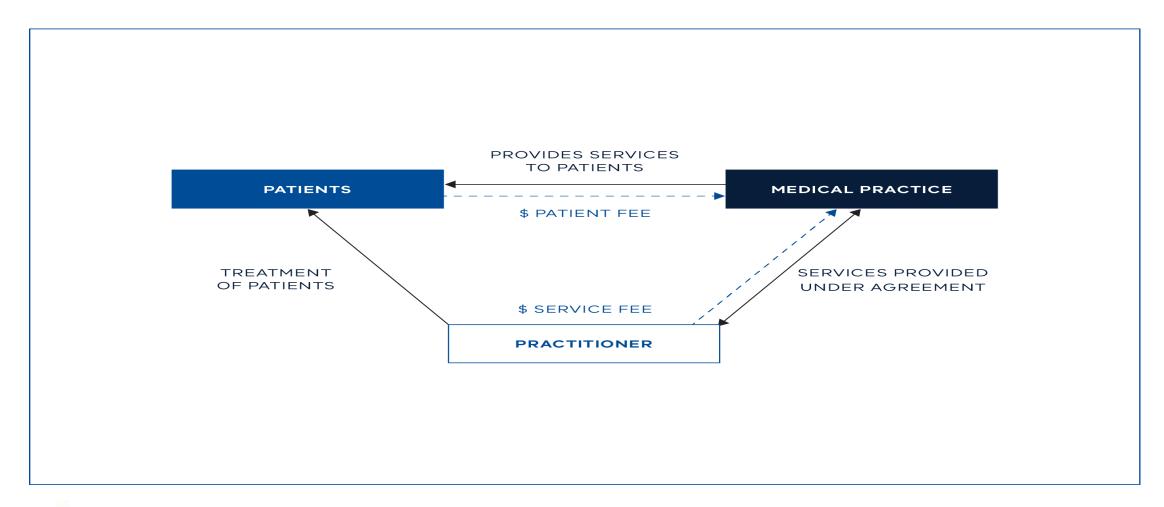
What is a "relevant contract"

A relevant contract will exist for payroll tax purposes between an entity conducting a medical practice and a practitioner if:

- 1. the practitioner carries on a business or medical practice of providing medical-related services to patients;
- 2. in the course of conducting its business, the medical practice:
 - provides members of the public with access to medical-related services;
 - engages a practitioner to supply services to the medical practice by serving patients on its behalf; and
- 3. an exemption does not apply.



Practitioner Services - VIC Ruling PTA 041





QLD Payroll Tax Ruling - Which Payments are Deemed Wages

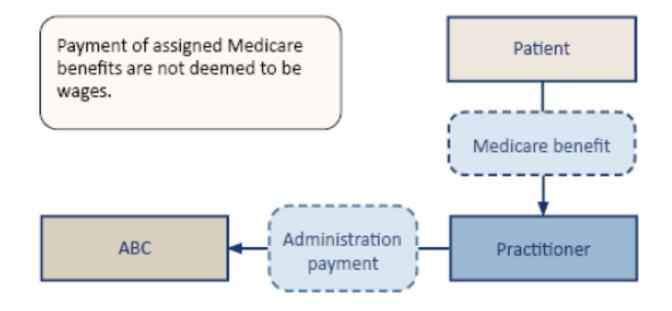
Payment Arrangement	Deemed Wages
Medicare Benefit assigned by the patient to the physician, and any additional out of pocket patient fees are paid to the medical practice. This can be either on behalf of or as directed by the physician. The medical practice then pays a fee to the physician net of the administration fee.	YES
Patient revenue paid to the medical practice on behalf of, or as directed by the physician, then payment from the medical practice to the physician's entity (net of any administration fee)	YES
Medicare benefits assigned by the patient to the physician and any out of pocket fees are paid directly to the physician from Medicare.	NO
Patient revenue paid to a third-party entity, then paid from the third-party entity to the physician.	YES

Taken from page 47 QLD Payroll Tax Ruling PTAQ000.6.2



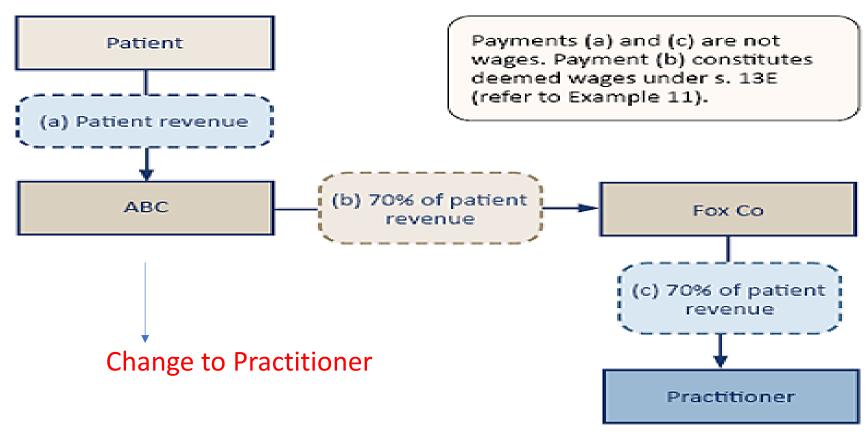
Example 12 – QLD Payroll Tax Ruling – Patient / Medicare to Doctor

The assigned Medicare benefit payments to Dr Lyle are not taken to be wages under s.13E because there is no payment by the deemed employer (ABC). Further, such payments are not deemed to be wages under s.51 because they are for the payment of a statutory benefit under the HIA Act rather than for Dr Lyle's services as a deemed employee.



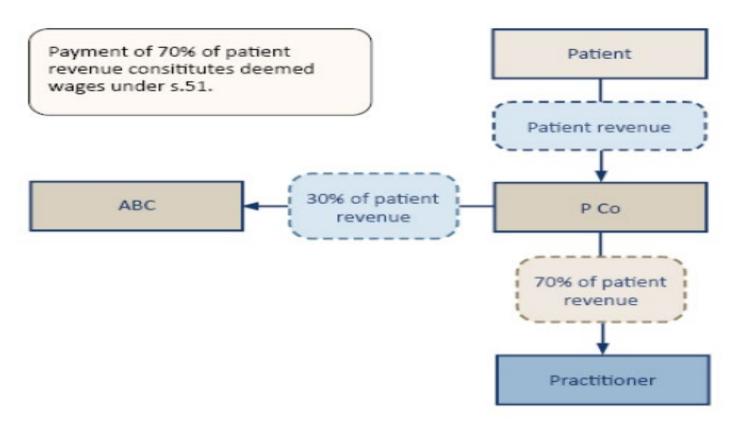


Example 15 – QLD Payroll Tax Ruling – Payment to Medical Centre



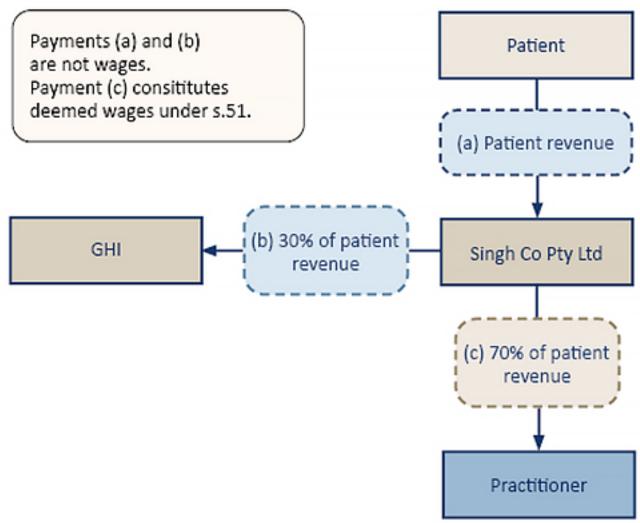


Example 16 – QLD Payroll Tax Ruling – Third Party Company to Practitioner



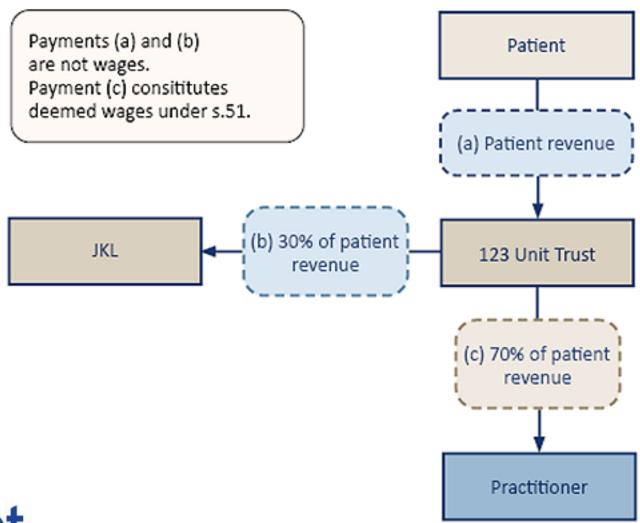


Example 17 – QLD Payroll Tax Ruling – Third Party Company to Practitioner





Example 18 – QLD Payroll Tax Ruling – Third Party Trust to Practitioner





Holding accounts (relevant contracts) and taxable wages

Section 35(1) Payroll Tax Act NSW, SA and VIC: Deemed wage "for or in relation to the performance of work relating to a relevant contract"

- Home Loan Loan Market Group Pty Ltd v Chief Commissioner of State Revenue NSW Supreme Court June 2024
 - Mortgage Brokers paid commission via a clearing account
 - "no more than a relationship, whether direct or indirect, between two subject matters" (Thomas and Naaz case)
 - Yes relevant contract and yes deemed taxable wages
- Uber Australia Pty Ltd v Chief Commissioner of State Revenue NSW Supreme Court September 2024
 - Transport drivers paid fees via a clearing account after deduction of a service fee
 - Need sufficient reciprocity between the payments and the services received
 - "What the rider pays the driver is for or in relation to the work done by the driver.
 - What Uber pays the driver is in relation to the payment Uber has received, not in relation to the work itself"
 - Yes relevant contact but not deemed taxable wages



What are the exemptions?

- 1. Doctor provides services to the public generally;
- 2. Doctor performs work for any one medical centre for less than 90 days each Financial Year; or
- 3. Services are performed by two or more persons with the second or subsequent person(s) also being a specialist healthcare provider.

If a medical practice intends to rely on any of these exemptions, it must be able to substantiate with sufficient evidence.



Exemption 1

Physician provides services to the public generally – must apply to the Commissioner for a determination before relying on this exemption.

Example 3.1

ABC Pty Ltd (ABC) operates ABC Medical Centre and engages Dr Taylor under a contract to serve patients at the medical centre. Dr Taylor also provides similar medical services to a range of other principals including medical centres and hospitals during the financial year. Dr Taylor performs work under separate contracts with these principals concurrently during the financial year. Not a relevant contract.

Example 3.2

ABC engages Dr Sou under a contract to provide medical services to patients at its medical centre for 5 days a week on a full-time basis. Dr Sou is also engaged by Top Care Pty Ltd (Top Care) to provide similar health care services after hours on an ad-hoc basis to Top Care's patients at their home. Under the contract with Top Care, Dr Sou generally spends 1–2 hours per week serving Top Care's patients, due to restrictions under Dr Sou's contract with ABC. The contract is unlikely to be exempt.

Example 3.3

ABC engages Dr Joan to provide medical services to patients at its medical centre and see patients on 3 days per week. Dr Joan is also contracted to provide medical services on 2 days each week to patients of the ABC Private Hospital. ABC Medical Centre and ABC Private Hospital are grouped for payroll tax purposes. Therefore, the 2 ABC entities should seek rulings before treating the contract with ABC Private Hospital as exempt under the 10 days or less per month method.



Exemption 3

Services performed by two or more persons

Example 5 – Practitioner engages a second person to perform services

ABC Pty Ltd (ABC) operates a dental clinic and engages dentists to provide dental services to patients.

Under a contract, Joanne is engaged by ABC as a specialist to provide complex procedures to patients and Joanne employs a specialist nurse to assist her in those procedures. The contract between ABC Dental and Joanne is exempt.

Example 6 - Medical centre engages a second person to perform services.

The same facts in Example 5 except ABC, and not Joanne, employs a specialist nurse to assist Joanne in performing complex dental procedures.

The '2 or more persons' exemption does not apply because the nurse is employed by the medical centre, not by Joanne.



Don't get caught with a 'relevant contract'!

Legal advisors to review and advise / update the service agreements

Implement:

- Re-define the relationship it is the Independent Doctor that is contracting the Service Provider (practice) for facilities and administrative services
- Work with independent doctors to have fees paid directly to their accounts (Thomas and Naaz case)
 - call the bank manager to help set up accounts and consider direct debit facilities
- Work with POS machine (Tyro/Hicaps) on the allocation of funds directly to doctors

Avoid:

- Specifying mandatory hours of required work
- Leave policies
- Patient records owned by the Practice
- Restraint of trade clause



The other pieces:

Signed agreements carry the most weight BUT ensure it reflects your practice operations:

- Review your websites and social media is it clear that the doctors aren't "yours"
- Update registration forms with patients so it is clear who is providing them with care
- Do you have surgical and nursing assistants? If so, are they engaged by the practice or should they be engaged directly by the doctors?



Victorian GP Businesses - Ex-Gratia Rebate / Exemption

Exemptions until 30 June 2025

Victorian State Government announced that all Victorian GP businesses will receive an *ex gratia* exemption from any outstanding or future assessment issued for payroll tax on payments to contractor GPs for the period up to 30 June 2024.

A further 12-month *ex gratia* exemption to 30 June 2025 will be available for any general practice business that has not already received advice and **begun paying payroll tax on payments** to their contractor GPs on this basis.

Ongoing exemptions for bulk-billing

Ongoing exemptions (likely to be legislated) will apply from 1 July 2025 for payments to contractor GPs and to employee GPs for providing bulk-billed consultations from 1 July 2025.



Key takeaways

- Have a discussion with your accountant and legal advisor
- Each medical centre is assessed on case-by-case basis, no one size fits all
- Assess your current risk and work out how to reduce your risk
- Review of the flow of funds and processes within your practice (if applicable)
- True Service Agreement on paper and "on the ground"
- Agreements must be easy to understand, clear and accurately reflect the true nature of the relationship
- It must be clear that doctors are engaging the practice to provide them with services
- It must be clear that the patients are engaging the doctor, not the practice
- The practice should not have any control over the doctors e.g. restraints, rosters, patients (anything that diminishes independence)
- Ensure the services / premises provider is purely an administrative and management services business ONLY
- Relevant Contract (GP Contractor Agreement) and Rebate / Exemption for Bulk Billing
- If you want to have administrative / operative controls (rostering doctors, control of patient funds, restraints etc) and apply for ex gratia relief, then register for payroll tax or lodge 2024-25 annual reconciliation. Be prepared to account for payroll tax from 1 July 2025 for non-bulk billing consultations.



Q & A





Other webinars in the Emerging business trends in primary care series

- Al and security / confidentiality / privacy February 19, 2025
- Workforce and recruitment April 2025



Family Violence Secondary Consultation Model

North Western Melbourne Primary Health Network (NWMPHN) has commissioned GenWest and Berry Street to provide family violence secondary consultation to primary care providers in its catchment.

The service connects primary care practitioners with specialist family violence providers for real-time expert advice by phone or email between 9am and 5pm on business days.

Multiple areas of supports can be provided to GP's during secondary consultation including:

- > Support GPs with unpacking risks and discussing patient's family violence support needs
- Assist GPs to understand how family violence may present in different communities and appropriate referral pathway.
- > Support GPs to consider having a discussion with patients and developing brief safety plan with patients.
- Support GPs with understanding family violence service system and recommend appropriate referral pathway based on patient's identified support needs

How to request a secondary consultation

Contact either GenWest or Berry Street based on your location.

GenWest

- Locations: Melbourne, Moonee Valley, Maribyrnong, Hobsons Bay, Wyndham, Brimbank and Melton local government areas.
- Call 1800 436 937 or email: gpfvconsults@genwest.org.au
- For more information visit this GenWest page

Berry Street

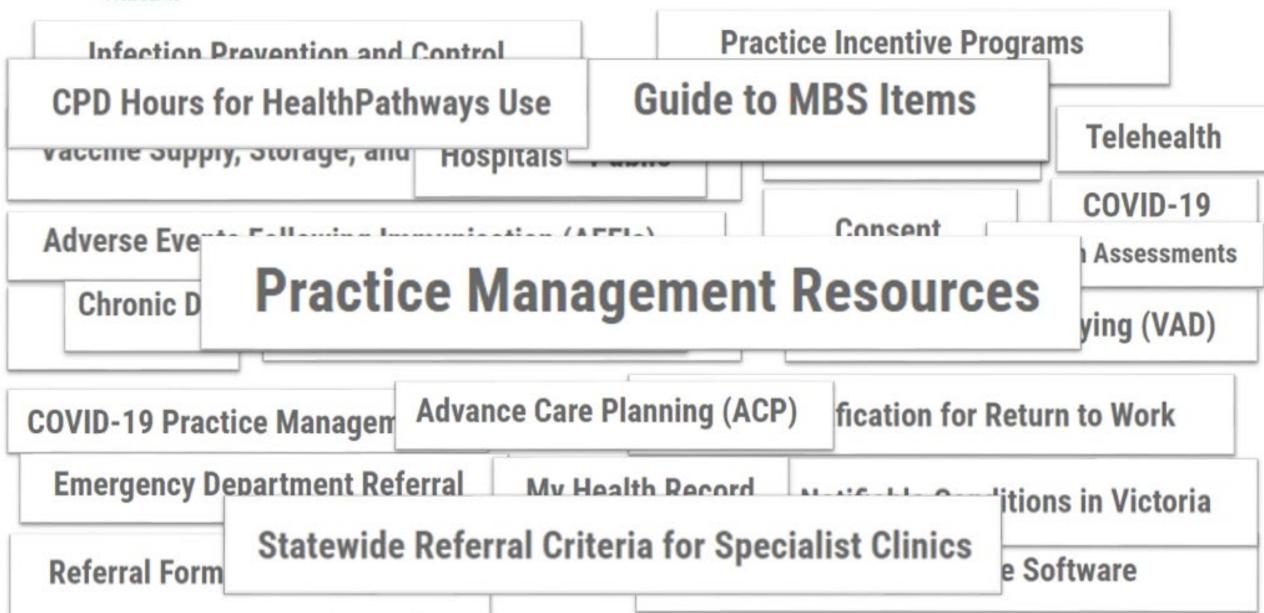
- Locations: Hume, Merri-Bek, Yarra, Darebin, Moorabool and Macedon Ranges local government areas.
- Call (03) 9450 4700 or email: gpconsults@berrystreet.org.au
- For more information see **Berry Street**



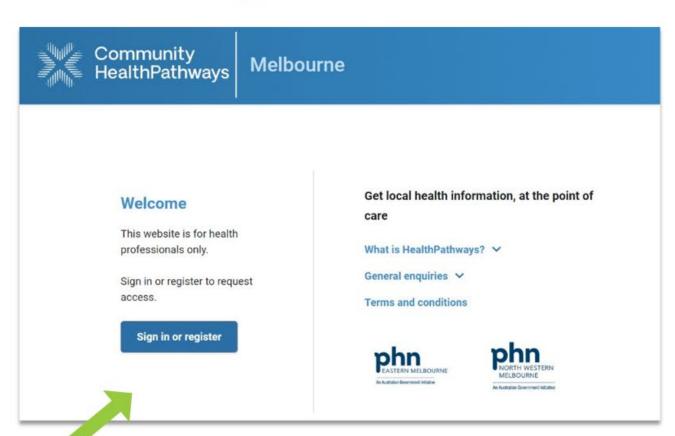
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Accessing HealthPathways

From 30 September 2024, eligible users can sign sign-up for your individual HealthPathways Account.

For existing users, once logged in, you will see a banner at the top of the screen inviting you to start the process. Simply click on the banner to start creating your individual HealthPathways account.



The National Health Services Directory (NHSD)

The NHSD is a national directory of health services and practitioners in Australia, managed by Healthdirect Australia. It's essential for hospitals to reference when sending patient discharge summaries, so outdated listings can pose risks to patient care. To keep listings accurate, healthcare providers can use Provider Connect Australia (PCA), a free tool from the Australian Digital Health Agency. PCA allows users to update business info, services, and contact details in one place, reducing data duplication and improving the accuracy of healthcare service information for hospitals and other partners.

Full details on how to register with PCA and enter details are available on this digitalhealth.gov.au webpage.

General practices can also enter and update NHSD information via Healthdirect.



2024 General Practice Survey

NWMPHN are seeking feedback from GPs, nurses, practice managers, and other general practice staff on your readiness for upcoming MyMedicare policy changes, as well as on our current services for general practices.

Your insights will help us provide better, more relevant support.

By taking this quick survey, you'll help shape our efforts to deliver the resources and services you need.

As a thank-you, all participants will be entered into a draw to win an Apple Watch Series 10.





Session Conclusion

We value your feedback, let us know your thoughts.

Scan this QR code



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Attendance certificate will be received within 4-6 weeks.

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