



Treasurer of Victoria

Minister for Industrial Relations
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D24/22027

Robert McDonald
Clerk of the Legislative Council
Parliament House
Spring Street,
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Dear Mr McDonald

PETITION 508 – PAYROLL TAX CONTRACTOR PROVISIONS

Thank you for your letter of 6 February 2024, notifying me of the petition tabled in the Legislative Council regarding the application of payroll tax contractor provisions, particularly on the medical industry.

I acknowledge Georgie Crozier MLC, Member for the Southern Metropolitan Region and all those who signed the petition.

Under the Payroll Tax Act 2007, payments made under a 'relevant contract' are subject to payroll tax. These 'contractor provisions' apply across all sectors of the economy.

The State Revenue Office (SRO) has a longstanding position of determining on a case-by-case basis whether a contractual arrangement (such as that between a medical centre and a general practitioner) is a relevant contract. There has been no change to this longstanding taxation treatment of contractors, nor any changes to the taxation treatment of medical practices that employ contractor doctors.

Further, on 11 August 2023, Victoria and New South Wales's respective revenue offices jointly released *Revenue Ruling PTA 041* reaffirming the longstanding position on contractor provisions. The same revenue ruling had previously been issued by South Australia (June 2023) and subsequently by the ACT.

The Government acknowledges the integral role played by doctors and healthcare service providers in supporting the health and wellbeing of our community. However, the Government also remains committed in upholding fair and equitable taxation treatment for businesses across all sectors of the economy and is therefore not able to support the petition request to exempt contractor doctors from payroll tax.

For more information on the payroll tax contractor provisions and how they apply to medical centres, I would encourage any interested constituents to visit the SRO *PTA 041 Revenue Ruling*, available at: <https://www.sro.vic.gov.au/legislation/relevant-contracts-medical-centres>.



I trust this information is of assistance and thank you for petitioning the Legislative Council on this matter.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Tim Pallas', written in a cursive style.

Tim Pallas MP

Treasurer

18/03/2024