

**Media release  
9 October 2023**

## **FURTHER DENTIST SHORTAGES TO AFFECT REGIONAL NSW AS NEW PAYROLL TAX PROPOSAL THREATENS TO INCREASE COSTS AND DETER NEW DENTISTS**

With a staggering over 23,000 people on the regional, rural and remote public dental waitlist <sup>[1]</sup> in NSW, and private practices already struggling to find enough dentists to treat patients, the Australian Dental Association New South Wales (ADA NSW), is warning the problem will be exacerbated if payroll tax was applied to dental practice. This could result in inflated fees, impacting patients' ability to afford vital treatment, as costs of living pressures remain top of mind for many people.

The Federal Australian Dental Association wrote to Premiers and First Ministers in NSW, Victoria, South Australia, the ACT and the Northern Territory last month (22nd Sept) asking them to step in and grant the same amnesty to dentists which doctors have received.

In August NSW Opposition moved an amendment in Parliament to support medical and dental clinics, by providing time for independent contractors to align with revenue offices' new position. The move by state revenue offices to update an interpretation of an existing law would lead to financially devastating retrospective payroll tax penalties for dentists, as well as increased dental fees and even practice closures.

The ADA NSW is urging the government to rethink new guidance which suggests dental practices operators might need to make provisions for payroll taxes of between 5.45% and 6.85%, dating back five years. Independent contractor dentists working under a service facility agreement may be deemed employees for the purposes of payroll tax, leading to sudden and retrospective liabilities for practice operators, and uncertainties around their self-assessment.

ADA NSW estimates potentially 60% of dental practices could be impacted by the new payroll tax. Dentists haven't passed on fee increases despite rising operating costs. The ADA's Dental Fees Survey shows that on average, fees charged by general dental practitioners increased by only about 2.14% between 2017 and 2022 – a period in which inflation increased by 14.5%.

Dr Kate Amos, an ADA NSW member with a Coffs Harbour based dental practice, is one such dentist concerned about the impacts of the payroll tax on regional health access. She works in a small practice with three full-time dentists and one part-time dentist.

"The waiting lists in our area are now over 3 months, which is just not workable when people are in pain. We have the space to take on another dentist but can't do so because payroll tax is triggered as soon as we do and we don't want to increase our patient fees now at a time when people can least afford it," said Dr Amos. Similar to general practice (GP) medical clinics, for every dentist there are usually at least two support staff, so payroll tax is triggered for a lot of clinics as soon as they have three doctors or dentists.

**About:** ADA NSW is the peak body representing dentists and dental students in NSW and the ACT, with about 5,000 members. We have been supporting dentists and promoting good oral health in the community since 1929.

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“Many areas need more than this number to service their area, but we also know it’s better for patient care if you can combine these services and share the load rather than having three separate clinics. Until we get better clarity that the government will honour previous service and facility interpretations, our hands are tied, and the long waiting lists remain,” Dr Amos added.

In recent years the government has pushed general practice towards a group practice model that leads to better patient care outcomes and dentistry has really followed suit.

“The problem now is that the government is now turning around and penalising this same model and a lot of regional clinics that are not super huge are being hit the hardest by this. Some practices are being hit with years of retrospective tax bills because the government has reinterpreted the way a service and facility agreement is viewed,” said Dr Amos.

General medical practice and general dentistry has already been hit quite hard in recent years because our supply and staffing costs have increased significantly and we still have all of the compliance requirements of hospitals in terms of infection control, training and support, but very little government support.

The ADA NSW is calling on the government to retain the current rules and the interpretation of how they are or exclude health. This will help ease healthcare costs for patients and improve access in regional areas and encourage more oral health practitioners to serve rural and remote communities.

ADA NSW President Dr Dominic Aouad added “Governments should ensure dentists are included in any consultations and adjustments to their planned approach because they are affected in the same way as GPs, and with comparable foreseeable effects on public health.”

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## Background for Editors

- Several state and territory governments (NSW, Vic, Qld, SA) have recently released quite complicated guidance on Payroll Tax with respect to medical centre businesses, including dental practices. It follows a recent court ruling by NSW and Victorian State Revenue Offices. Refer to: *Bulk-billing may die following NSW, Victoria payroll tax ruling, GPs warn* (source: [The Age](#))

- Dental practices pay Payroll Tax for reception staff, Dental Assistants, Dental Hygienists and Employee Dentists. But a widely practised trend is that independent dentists and doctors are not subject to Payroll Tax because of the practitioner centric nature of healthcare. Doctors and dentists have hung out a shingle as independent practitioners for hundreds of years.

- Some dentists who supply services as a contractor using their ABN may be deemed an employee for the purposes of assessing Payroll Tax, according to a complicated range of tests newly set out, and their application backdated five years.

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- The newly applied tests relate to healthcare business with a \$1m revenue threshold and in dental practices this typically means those with three or more dentists working there.
- One reason this is complicated is that a dentist that works more than 90 days a year in another place is considered to be independent. It's almost impossible to work that out going back five years.

- While the Queensland, SA, and NSW Governments now seem to realise that changes in this area could have effects on healthcare providers and patients, these governments are so far only looking at the effect on GPs and ignoring the effects on dentists and other practices.
- The only response so far is the Northern Territory Minister's office saying there has been no ruling on PT in that jurisdiction, while the SA Premier has extended an invitation to the ADA SA branch to discuss the issue.

**For images or media interviews please contact: ADA NSW Media Advisor Amber Daines on 0404 145 939, [amber@amberdaines.com](mailto:amber@amberdaines.com)**

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