

Salaried Senior Medical Practitioner - Rights of Private Practice - GST Treatment - PHOs

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Audience

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This Policy Directive may be varied, withdrawn or replaced at any time. Compliance with this directive is **mandatory** for NSW Health and is a condition of subsidy for public health organisations.

CIRCULAR

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Circular No	2000/106
Issued	22 December 2000
Contact	Mr K Connolly (02) 9391 9176 Financial Management and Planning

**SALARIED SENIOR MEDICAL PRACTITIONER – RIGHTS OF PRIVATE PRACTICE
GST TREATMENT - PUBLIC HEALTH ORGANISATIONS**

This Circular follows previous instructions on this subject, issued 27 July 2000 and 1 August 2000, which outlined interim procedures to be adopted for GST treatment of rights of private practice. Circulars 98/5 and 99/8 are to be read subject to this Circular and Circulars 98/5 and 99/8 are varied accordingly. It should also be noted that the Salaried Senior Medical Practitioner Determination has been amended to reflect the contents of this circular and its attachments.

Following consideration of potential alternative arrangements by the NSW Department of Health (the Department) and the Australian Salaried Medical Officer Federation (NSW) (ASMOF), it has been determined to continue, at this time, with the existing arrangements subject to appropriate adjustments to take account of the new tax system's impact. However, a number of issues and strategies are still being considered and some arrangements may be changed to more streamlined procedures in the future.

Attachment 1 is the revised version of the determination by the Health Administration Corporation incorporating the variations to the existing employment conditions under which rights of private practice may be exercised to take account of the new tax system's impact.

The GST treatment of the arrangements, the procedures for payment of GST inclusive infrastructure charges (incorporating the payment previously known as facility fees) together with the rights and obligations of Senior Medical Practitioners (SMPs) and Public Health Organisations (PHOs), are the subject of this Circular.

The arrangements that have been agreed to, which are detailed in Schedule 3 to the Determination (see Attachment 2): Procedures for Public Health Organisations on GST Treatment of Rights of Private Practice (the Procedures document), have been designed to ensure that:

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- 1 SMPs do not suffer any unnecessary cash flow disadvantage as a result of the impact of GST on the private practice arrangements;
- 2 Potential cash flow disadvantages for PHOs have been minimised as far as possible;
- 3 The GST administration effects on all parties have been reduced to the minimum possible under the new tax laws. This is particularly the case where groups of SMPs choose to register as a legal entity with multiple SMPs as members.

SMPs have been divided into four groups for the purposes of these arrangements. These are:-

- 1 Level 1 SMPs;
- 2 Level 2-5 SMPs who are **not** in a private practice partnership and whose infrastructure charge is less than 90% of cash received;
- 3 Level 2-5 SMPs who **are** in a private practice partnership and whose infrastructure charge is less than 90% of cash received; and
- 4 Level 2-5 SMPs whose infrastructure charge is 90% or more of cash received. (Note, where the infrastructure charge is over 90%, the arrangements will be the same regardless of whether the SMP is an individual or a private practice partnership).

Please note that, for Level 2-5 SMPs, three sets of arrangements have been outlined. The first set deals with the infrastructure charges for the first four months of the GST (i.e. July to October). The second set provides information on the ongoing arrangements, after the initial period for the monthly component of the infrastructure charge. The third arrangement details treatment of the annual component of the infrastructure charge. These arrangements have been further refined to allow for PHOs who invoice their infrastructure charge in the same month as billings are processed and for those who invoice in the month after billings are processed. Additionally, GST information for Level 1 SMPs has been set out separately in the procedures document.

Level 1 SMPs

The Department and ASMOF, together with their advisers, are still examining a number of issues and options which will most effectively deal with the impact of the GST and the New Tax System for Level 1 SMPs. This is being approached on the basis of minimising tax compliance requirements on Level 1 SMPs. Accordingly, on an interim basis, PHOs should continue to exclude any Level 1 private practice income from BAS reporting.

Level 2-5 SMPs Basic Structure of Arrangements and GST Effects from 1 July 2000

References to SMPs in the points below are to be read, except where specified, to include SMPs either acting as individuals, partnerships or other legal entities. Note, other legal entities are expected to include corporates, however, at this time, any group of SMPs who wish to register otherwise than as an individual or a partnership, for example as a corporate entity, must consult the Department and ASMOF for prior approval.

- Gross billing revenue from rights of private practice activity will continue to be administered by PHOs with receipts being paid into a separately identifiable account (No

1 Account) under the administrative control of the PHO, or another organisation as agreed;

- PHOs supply SMPs with a range of services funded by the monthly and annual components of the infrastructure charge. The services include billing services, facilities and other infrastructure to support their private practices (including some plant and equipment, research support and financial support for professional development activities). Note, this paragraph is not intended to change the scope of the services from that which are already provided;
- Current arrangements for the approval of expenditure from accounts holding annual components of the infrastructure charge (including, where applicable, the account commonly referred to as the No 2 Account), are to be maintained, pending agreement between the Department and ASMOF on “model” arrangements. In the interim, the present arrangements will continue in terms of expenditure approval from these accounts;
- At this time, nothing in this Circular is to be construed as affecting in any way the operation of any formal charitable trust in relation to the expenditure of moneys received from the rights of private practice activity conducted in the period to 30 June 2000.
- PHOs will bill SMPs an infrastructure charge for the above supplies, with instalment amounts being paid monthly and on an annual basis by SMPs;
- The monthly and annual instalments of the infrastructure charge are payment for a taxable supply for GST purposes. The current facility fee (now to be incorporated as part of the infrastructure charge) is to have 10% added to cover GST. PHOs will not receive the additional 10% until SMPs are eligible to receive a credit for this amount from the ATO as an input tax credit, unless sufficient funds are available in the No 1 Account (i.e. the additional 10% may be drawn at any time after the raising of a tax invoice provided that the No 1 Account has sufficient funds to pay that amount after payment of that month’s drawings). The combination of revised drawings arrangements plus GST credits means that SMPs will receive the same amount in cash terms as they received as drawings prior to GST. In this way, the arrangements will ensure that the introduction of GST does not impact negatively on the cash flow position of SMPs;
- SMPs will generally be registered for GST and lodge periodic Business Activity Statements (BASs) accounting for GST included in gross billings, if any, and claiming an input tax credit for GST included in infrastructure charges. This will ensure that SMPs do not suffer any unnecessary negative financial effects from the introduction of GST. (Note: An SMP with an annual turnover of less than \$50,000 may choose not to register for GST, however, regardless of this fact the procedures will still apply. SMPs who choose not to be registered should be aware that they will suffer a loss of income due to the need to refund an amount equivalent to net GST credits to the No 1 Account irrespective of the fact that these amounts have not been received as an input tax credit from the ATO);
- In respect of the monthly component of the infrastructure charge, for SMPs with an infrastructure charge of less than 90% who are not in a private practice partnership,

PHOs will deduct each quarter from the next drawings payment after the date on which a quarterly BAS is required to be lodged, and subsequent months as necessary, an amount equivalent to the net GST credit (calculated on an accruals basis) receivable from private practice activity, for retention in the No 1 Account. This amount will then be transferred to the PHO General Account, in the event that the PHO has not already drawn the full 11/11th of the infrastructure charge;

- In respect of the monthly component of the infrastructure charge, SMPs who are in a private practice partnership where the infrastructure charge is less than 90% of the gross receipts of the partnership will be required each quarter to have that partnership pay into the No 1 Account an amount equivalent to the partnership's net GST credit (calculated on an accruals basis) from private practice activities received from the ATO. This payment will be required by the 21st day of the month in which a quarterly BAS is required to be lodged. This amount will then be transferred to the PHO General Account, in the event that the PHO has not already drawn the full 11/11th of the infrastructure charge. In the event that the net GST credit is not received into the No 1 Account as required, the PHO may deduct an amount equivalent to the net GST credit from the drawings paid to the SMPs in the partnership on a prorated basis;
- In respect of the monthly component of the infrastructure charge, SMPs with an infrastructure charge of 90% or more will be required to pay into the No 1 Account an amount equivalent to their net GST credit (calculated on an accruals basis) from private practice activities within 21 days following the end of the period for which the charge is levied. If this amount is not received, then it will be deducted from drawings. This amount will then be transferred to the PHO General Account, in the event that the PHO has not already drawn the full 11/11th of the infrastructure charge;
- In respect of the monthly component of the infrastructure charge, SMPs who are in a private practice partnership where the infrastructure charge is 90% or more of the total gross receipts of the partnership will be required to have that partnership pay into the No 1 Account an amount equivalent to their net GST credit (calculated on an accruals basis) from private practice activities within 21 days following the end of the period for which the charge is levied. If this amount is not received, it will be deducted from the drawings of the partners on a pro rata basis. This amount will then be transferred to the PHO General Account in the event that the PHO has not already withdrawn the full 11/11th of the infrastructure charge.
- In respect of annual components of the infrastructure charge, SMPs (or the partnership of which they are members) will be required to pay into the No 1 Account an amount equal to 1/11th of the GST inclusive value of the charge within 21 days following the end of the period in which the charge is levied and a tax invoice raised. If this amount is not received, then it will be deducted from drawings;
- The first 1/11th of the annual component of the infrastructure charge (commonly described as the residual) will be paid from the No 1 account to the PHOs General Fund, in accordance with the Procedures document at Attachment 1. The remaining 10/11th of the annual component of the infrastructure charge is to be transferred from the No 1 Account into a separate account of the PHO (the No 2 Account) as directed by the PHO in two instalments (9/11th and 1/11th respectively), as funds are available. PHOs will use this component of the infrastructure charge to pay for SMP professional development,

certain facilities, other infrastructure and research activity. Note, the conditions under which this direction takes place will depend on the results of negotiations between ASMOF and the Department.

Fully worked basic examples showing a full work through of one years payments from July 2000 to June 2001 have been included as part of the Procedures document.

Further enquiries on the contents of the Procedures document should be directed to Ken Barker on (02) 9391 9178.

Please ensure that all SMPs are provided with a copy of this circular as soon as possible. They should direct their enquiries to a nominated employee of your Public Health Organisation or to ASMOF.

Michael Reid
Director-General

SALARIED SENIOR MEDICAL PRACTITIONERS

DETERMINATION (REVISED VERSION)

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1 DEFINITIONS

- (a) The Definitions which appear in Clause 2 of the Salaried Senior Medical Practitioners (State) Award also apply to this Determination.
- (b) In addition to the definitions referred to in sub-clause (a), the following definitions also apply to this Determination.

"Account" means the financial institution account in the name of the individual Senior Medical Practitioner or in the name of an agreed group of Senior Medical Practitioners.

"annual component of the infrastructure charge" means the amount paid from the amount remaining to the credit of the account in the name of the Senior Medical Practitioner or agreed group of Senior Medical Practitioners in the Private Practice Trust Fund at the end of the financial year after deduction of the monthly charges for the Public Health Organisation and drawings to the Senior Medical Practitioner or agreed group of Senior Medical Practitioners with the addition of 10% to cover GST which the Public Health Organisation is required to include in its GST calculation;

"Arrangement" means a right of private practice arrangement.

"General Fund" means the operating budget of the Public Health Organisation.

"GST" means the goods and services tax imposed under Commonwealth legislation including *A New Tax System (Goods and Services Tax) Act 1999*;

"Facility charge", "facility fee" and "monthly charge" mean the monthly component of the infrastructure charge;

"infrastructure charge" means the monthly component of the infrastructure charge (however called) and the annual component of the infrastructure charge;

"Private Practice Trust Fund" means the fund in existence immediately prior to the commencement of this Determination or it's equivalent from time to time and which contains accounts in the name of an individual Senior Medical Practitioner or group of Senior Medical Practitioners.

"Public health organisation" is as defined in section 7 of the Health Services Act 1997.

"Second Trust Fund" means the fund into which the balance of the Private Practice Trust Funds are transferred at the end of each financial year.

2 PRIVATE PRACTICE ARRANGEMENTS (excluding Postgraduate Fellows)

(a) General Provisions

- (i) Upon commencement of employment, a Senior Medical Practitioner shall elect to participate in a level arrangement ie either a Level 1, 2, 3, 4 or 5. Senior Medical Practitioners employed at the date of this Determination will make an election pursuant to this sub-clause immediately after the commencement of this Determination. A Senior Medical Practitioner may then, if he/she so chooses, elect prior to 30 June each year to change his/her level arrangement (drawing rights) to commence on 1 July of the following financial year. This election cannot be changed during the year unless by the mutual agreement of the Senior Medical Practitioner and the Public Health Organisation. A Senior Medical Practitioner is under no compulsion to alter the level arrangement under which he/she works. A summary table of the private practice arrangements is provided in Schedule 1 of this

Determination.

Current Scheme "D" Senior Medical Practitioners may only make an election in accordance with the provisions of subclause (d) below.

- (ii) The salaries referred to in Schedule 2, Column 2 of this Determination, as varied from time to time to reflect the Award, shall be paid to Senior Medical Practitioners subject to the level arrangement elected. The salaries shall be paid during paid absences on approved leave and shall be paid where the monetary value of leave is paid on termination of employment. These salaries include the Award salary and the special allowance (17.4% of Award salary). PAYE deductions are to be made from these payments.
- (iii) The allowances referred to in Schedule 2, Column 3 of this Determination shall be paid during paid absences on approved leave, where the monetary value of leave is paid on termination of employment and for superannuation and voluntary redundancy purposes. PAYE deductions are to be made from these payments.
- (iv) Subject to subclause (v) below, the drawing rights referred to for Levels 2 to 5 (refer Schedule 2, Column 4) shall be payable during paid absences on workers compensation (subject to a maximum of six months), approved annual, sick, long service, parental and training education and study leave but shall not be paid where the monetary value of leave is paid out on termination of employment. The drawing rights shall not be taken into account for the calculation of any entitlements or public sector superannuation purposes. PAYE deductions are not to be made from these payments.
- (v) Senior Medical Practitioners working pursuant to part-time agreements or taking long service leave or maternity leave at half pay are entitled to drawing rights on a pro rata basis. Senior Medical Practitioners on leave without pay (including maternity/paternity leave) are not entitled to drawing rights.
- (vi) Senior Medical Practitioners who elect either Level 2, 3, 4 or 5 will contribute to the same Private Practice Trust Fund or sub-ledger in accordance with subclause (viii) below.
- (vii) An agreed group can elect to share all benefits of the Private Practice Trust Fund (subject to the Trustees agreement) to the limit of their entitlement amongst the agreed group, irrespective of the length of service of any member of the agreed group.
- (viii) An agreed group for the purpose of this clause means a group of Senior Medical Practitioners (whether an individual, in partnership or other approved legal entity) who elect to form a group for the purpose of a sub-ledger of the Private Practice Trust Fund.
- (ix) All accounts for services rendered to private patients by a Senior Medical Practitioner working under Levels 1-5 are to be issued by the Public Health Organisation acting as the agent for the Senior Medical Practitioner.
- (x) The Public Health Organisation must obtain, in writing, authority from each Senior Medical Practitioner to issue accounts in his/her name.
- (xi) A Senior Medical Practitioner shall exercise his/her right of private practice subject to:
 - (1) the provisions of Clause 8 of the Award; and

- (2) the private practice occurring within the agreed facilities; and
- (3) the income arising from the exercise of such right of private practice (including the income generated whilst engaged in practice in accordance with Clause 8 of the Award) being paid into the Private Practice Trust Fund.

The provisions of this clause do not apply to "Outside Practice" pursuant to Clause 9 of the Award.

- (xii) Payment of drawing rights up to the maximum prescribed (refer Schedule 2, Column 4) averaged over the year to date is to be made calendar monthly, subject to there being sufficient trust funds available.

(b) Level Arrangements

(i) Level 1

- (1) A Senior Medical Practitioner who elects a Level 1 arrangement pursuant to this Clause, will be paid the salary referred to in Schedule 2, Column 2 of this Determination.
- (2) A Senior Medical Practitioner who elects Level 1 shall be entitled to an allowance of 20% of salary (refer Schedule 2, Column 3) in return for the assignment of the billings from the Senior Medical Practitioner's private practice to the Public Health Organisation.

(ii) Level 2

- (1) A Senior Medical Practitioner who elects a Level 2 arrangement pursuant to this Clause will be entitled to salary referred to in Schedule 2, Column 2 of this Determination.
- (2) A Senior Medical Practitioner who elects Level 2 shall be entitled to an allowance of 14% of salary (refer Schedule 2, Column 3).
- (3) A Senior Medical Practitioner who elects a Level 2 arrangement will have drawing rights (to be made calendar monthly) up to a maximum of 24% of the full time salary applicable for a Level 4 arrangement for a Senior Medical Practitioner as referred to in Schedule 2, Column 2 of this Determination. Drawing rights are subject to sufficient individual or agreed group contributions being available in the Private Practice Trust Fund.
- (4) (A) For a Senior Medical Practitioner who has elected Level 2, where individual or agreed group contributions are not sufficient to permit drawings of up to 11% of salary (as provided in Schedule 2, Column 2) averaged over the year to date, supplementation equalling the difference between the drawings and 11% of salary will be made monthly by the Public Health Organisation from that proportion of the charges which would otherwise have been appropriated as facility charges paid to the Public Health Organisation by Senior Medical Practitioners.

(B) Where an individual Senior Medical Practitioner has elected a Level 2 arrangement and individual or agreed group contributions are sufficient to permit drawings of 11% of salary (as provided in Schedule

2, Column 2) averaged over the year to date but not sufficient to permit drawings of 18% of salary averaged over the year to date, supplementation equalling the difference between the drawings and 18% of salary will be made by the Public Health Organisation monthly. The Public Health Organisation supplementation is therefore up to 7% of salary, where this subclause applies.

(iii) Level 3

- (1) A Senior Medical Practitioner who elects a Level 3 arrangement pursuant to this Clause will be entitled to salary referred to in Schedule 2, Column 2 of this Determination.
- (2) A Senior Medical Practitioner who elects Level 3 shall be entitled to an allowance of 8% of salary (refer Schedule 2, Column 3).
- (3) A Senior Medical Practitioner who elects a Level 3 arrangement will have drawing rights (to be made calendar monthly) up to a maximum of 36% of the full time salary applicable for a Level 4 arrangement for a Senior Medical Practitioner as referred to in Schedule 2, Column 2 of this Determination. Drawing rights are subject to sufficient individual or agreed group contributions being available in the Private Practice Trust Fund.
- (4) For a Senior Medical Practitioner who has elected Level 3, where individual or agreed group contributions are not sufficient to permit drawings of up to 17% of salary (as provided in Schedule 2, Column 2) averaged over the year to date, supplementation equalling the difference between the drawings and 17% of salary will be made monthly by the Public Health Organisation from that proportion of the charges which would otherwise have been appropriated as facility charges paid to the Public Health Organisation by Senior Medical Practitioners.

(iv) Level 4

- (1) A Senior Medical Practitioner who elects a Level 4 arrangement pursuant to this Clause will be entitled to salary referred to in Schedule 2, Column 2 of this Determination.
- (2) A Senior Medical Practitioner who elects a Level 4 arrangement will have drawing rights (to be made calendar monthly) up to a maximum of 50% of the full time salary applicable for a Level 4 arrangement for a Senior Medical Practitioner as referred to in Schedule 2, Column 2 of this Determination. Drawing rights are subject to sufficient individual or agreed group contributions being available in the Private Practice Trust Fund.
- (3) For a Senior Medical Practitioner who has elected Level 4, where individual or agreed group contributions are not sufficient to permit drawings of up to 25% of salary (as provided in Schedule 2, Column 2) averaged over the year to date, supplementation equalling the difference between the drawings and 25% of salary will be made monthly by the Public Health Organisation from that proportion of the charges which would otherwise have been appropriated as facility charges paid to the Public Health Organisation by Senior Medical Practitioners.

(v) Level 5

- (1) A Senior Medical Practitioner who elects a Level 5 arrangement pursuant to this Clause will be entitled to salary which represents 75% of the rate applicable for a Level 4 arrangement for a Senior Medical Practitioner (refer Schedule 2, Column 2 of this Determination).
- (2) A Senior Medical Practitioner who elects a Level 5 arrangement will have drawing rights (to be made calendar monthly) to a maximum of 100 % of the full time salary applicable for a Level 4 arrangement for a Senior Medical Practitioner as referred to in Schedule 2, Column 2 of this Determination. Drawing rights are subject to sufficient individual or agreed group contributions being available in the Private Practice Trust Fund.
- (3) The 75% of salary referred to in subclause (1) above reflects the fact that leave without pay is permitted for 25% of the full-time commitment in that speciality. No private practice is to be undertaken during the 75% of time for which a salary is payable (this relates to aggregated time and means that participating specialist must not spend more than an average of 25% of his/her total working time in the treatment of private patients).

(c) Postgraduate Fellow

A Senior Medical Practitioner appointed as a Postgraduate Fellow pursuant to Clause 10 of the Award has no entitlement to any Private Practice Arrangement.

(d) Preserved Arrangement - Scheme D

- (i) A Senior Medical Practitioner who participated in Scheme D immediately prior to the commencement of this Determination, will be entitled to 50% of the award salary plus the 17.4% special allowance, as varied from time to time. PAYE taxation deductions are to be made in respect of these payments.

The general terms and conditions will be those applying under Scheme D immediately prior to the commencement date of this Determination (refer to Departmental Circular 90/39).

- (ii) Where a Senior Medical Practitioner's current arrangement is Scheme D then:
 - (A) the Senior Medical Practitioner can only move to another Level (ie Private Practice Arrangement) by agreement with the Public Health Organisation; and
 - (B) upon moving to another private practice arrangement the Senior Medical Practitioner cannot move back to Scheme D.
- (iii) The Scheme D arrangement as provided for in Departmental Circular 90/39 is not available to any Senior Medical Practitioner who is not employed under Scheme D as at the date of this Determination.

(e) Outside Practice (ie not as an employee of the Public Health Organisation)

- (i) Income generated by a Senior Medical Practitioner while engaged in practice pursuant to Clause 9 of the Award, will be retained exclusively by the Senior Medical Practitioner. The Senior Medical Practitioner is under no obligation to provide records regarding the income generated pursuant to Clause 9 of the Award. The Senior

Medical Practitioner will be liable for all expenses incurred while engaged in practice including professional indemnity insurance, administration, facility costs and any other expenses arising from the conduct of such practice.

- (ii) A breach of the agreement referred to in Clause 9 of the Award will be dealt with pursuant to Clause 3 of the Award.
- (iii) A referral to a Senior Medical Practitioner for the work prescribed in Clause 9 of the Award must be in accordance with the provisions of the Health Insurance Act or its equivalent from time to time.
- (iv) The use of any of the Public Health Organisation's employees, equipment or other resources in conducting outside practice is not permitted unless approved by the Chief Executive Officer.

(f) Privately Referred Non-inpatients

- (i) The charging arrangements for privately referred non-inpatients to all staff specialists who have been granted rights of private practice by the Public Health Organisation remain unaltered (refer to previous Departmental Circulars 80/252, 80/290, 81/355 and 90/39).
- (ii) The charging arrangements will not affect those patients who are inpatients or registered non-inpatients of a recognised hospital but will apply to privately referred non-inpatients who satisfy the following conditions.
 - (A) The referral must be to the doctor by name and not to the hospital or the outpatient department.
 - (B) The referral must be made by a doctor in private practice (including a staff specialist or visiting medical officer exercising a right of private practice); it must not be made by an intern, resident medical officer, career medical officer, registrar or medical superintendent.
 - (C) No patient who presents at the emergency department or an out-patient clinic is to be privately referred for treatment of, or examination relating to, the episode of illness which caused him/her to present at the emergency department or the outpatient clinic.
 - (D) At the time the appointment is being made, patients are to be advised that they will not be treated as registered non-inpatients of the hospital, and that they will be charged by the attending Senior Medical Practitioner/s as well as for diagnostic services ordered by that Senior Medical Practitioner.
 - (E) Referrals are to be genuine referrals made at "arm's length", ie the referral letter should be completed before the patient's first appointment is made for an examination, treatment or consultation.

3 INFRASTRUCTURE CHARGES

- (a) All fees received from the rendering of accounts to private patients seen by Senior Medical Practitioners employed in a Level 2, 3, 4 or 5 arrangement pursuant to Clause 2, Private Practice Arrangements of this Determination shall be paid into the Private Practice Trust Fund.
- (aa) From the fees paid into the Private Practice Trust Fund, infrastructure charges are to be paid

in accordance with Schedule 3 of the Determination.

- (b) From the fees paid into the Private Practice Trust Fund, facility fees (to compensate for the provision of services and the use of facilities used in generating such private practice fees), as a percentage of the gross fees received, shall be paid to the Public Health Organisation as a first charge against the Private Practice Trust Fund.
- (c) The facility fees paid in accordance with authorised arrangements as at the date of this Determination shall continue to apply without variation until the review outlined in subclause (d) below is completed. For the purposes of this clause, "authorised arrangements" shall mean Department of Health Circular No. 1977/15 (as amended by 1978/236), or schedules of fees attached to enterprise agreements approved by the Director-General, or any specific variations to facility fees approved by the Director-General.
- (d) The parties agree that a review of facility fees will be completed within 12 months of the making of this Determination. Upon completion and implementation of the review the facility fees identified in the review will apply to all Senior Medical Practitioners.
- (e) The annual component of the infrastructure charge is to be paid into the Second Trust Fund.

3A IMPLEMENTATION OF GST

- (a) Clauses 1, 2, 3 and 5 of this Determination are to be read subject to this clause. In the event of any inconsistency between this clause and any other provision of the Determination this clause is to prevail.
- (b) The Public Health Organisation and Senior Medical Practitioners are to comply with the Procedures Document at Schedule 3 of the Determination, as varied from time to time by further determination.
- (c) The monthly component of the infrastructure charge under Clause 3 is varied from 1 July 2000 to have 10% added to cover GST which the Public Health Organisation is required to include in its GST calculation.
- (d) Any amounts required to be calculated in accordance with this Determination are to take account of the respective GST liabilities and rights to GST input tax credits of the Public Health Organisation and Senior Medical Practitioners.

Senior Medical Practitioners Levels 2- 5

- (e) Drawings for Senior Medical Practitioners Levels 2, 3, 4 and 5 under Clause 2 are to be varied in accordance with following subclauses:

Senior Medical Practitioners not in a Private Practice Partnership with a monthly charge of less than 90%

- (i) The above Senior Medical Practitioners' drawings are to be reduced by an amount equal to their net GST credits referable to private practice activities (exclusive of annual infrastructure GST effects) in accordance with the procedures set out at Schedule 3.

Senior Medical Practitioners in a Private Practice partnership with a monthly charge of less than 90%

- (ii) The partnership, on behalf of the above Senior Medical Practitioners, is to pay into

the Private Practice Trust Fund an amount equivalent to its net GST credits referable to private practice activity (exclusive of annual infrastructure GST effects) in accordance with the procedures set out at Schedule 3.

- (iii) The partnership will pay these amounts into the Private Practice Trust Fund, on a quarterly basis, by the date required by and in accordance with the Procedures at Schedule 3. If the partnership has not paid such amounts then drawings of the Senior Medical Practitioner members of the partnership, on a pro-rated basis, are to be reduced by such amounts in that month and successive months as required, in accordance with the Procedures set out at Schedule 3.

Senior Medical Practitioners (whether individually or in partnership) with a monthly charge of 90% or more

- (iv) The above Senior Medical Practitioners are to pay into the Private Practice Trust Fund an amount equivalent to their net GST credits referable to private practice activity (exclusive of annual infrastructure GST effects) in accordance with the procedures set out at Schedule 3.
- (v) If such a Senior Medical Practitioner does not pay such amount to the Private Practice Trust Fund by the date required by and in accordance with the Procedures set out at Schedule 3, then the Senior Medical Practitioner's drawings are to be reduced by such amount in that month and successive months as required, in accordance with the Procedures set out at Schedule 3.

Annual Component of the Infrastructure Charge

- (vi) Senior Medical Practitioners or a Senior Medical Practitioner partnership on behalf of its members are to pay to the Private Practice Trust Fund an amount equivalent to 1/11th of the annual component of the infrastructure charge by the date required by and in accordance with the Procedures at Schedule 3.
- (vii) If a Senior Medical Practitioner, or a Senior Medical Practitioner partnership on behalf of its members does not pay to the Private Practice Trust Fund an amount equivalent to 1/11th of the annual component of the infrastructure charge by the date required by and in accordance with the Procedures set out at Schedule 3, then the Senior Medical Practitioner's drawings are to be reduced by such amount in that month and successive months as required, in accordance with the Procedures set out at Schedule 3.

Senior Medical Practitioners changing to Level 1

- (f) The right, under Clause 2, to a change of election to Level 1 is conditional upon a Senior Medical Practitioner paying to the Private Practice Trust Fund all outstanding amounts relating to infrastructure charges for the period prior to changing to Level 1. A change of election to Level 1 may only be effected where the relevant Senior Medical Practitioner has paid the requisite amount to the Private Practice Trust Fund or provided the Public Health Organisation with an irrevocable written authority to deduct from his/her drawings and/or salary the requisite amount and pay it into the Private Practice Trust Fund. The Public Health Organisation is to give a Senior Medical Practitioner seven days notice of its intention to deduct in accordance with this authority.

Termination of employment

- (g) Senior Medical Practitioners are to provide to the Public Health Organisation an irrevocable written authority for the Public Health Organisation to deduct from termination payments (including annual leave and long service leave payouts) an amount to meet all outstanding liabilities they may have in relation to infrastructure charges arising from the exercise of their rights of private practice. The Public Health Organisation is to give a Senior Medical Practitioner seven days notice, where practicable, of its intention to deduct in accordance with this authority in the event that payments are not made in accordance with the Procedures Document at Schedule 3.
- (h) Senior Medical Practitioners employed as at 1 July 2000 are to provide the Public Health Organisation with such written authorisation as soon as practicable.
- (j) Senior Medical Practitioners commencing employment are to provide such written authorisation to the Public Health Organisation on commencement of employment.

4 ABNORMAL WORKING HOURS AND RECALL

- (a) It is acknowledged and recognised that Senior Medical Practitioners are required to be available for reasonable on call and recall outside of their Normal Duties and that there is a component within the salary which reflects this.
- (b) The parties agree that some Senior Medical Practitioners may be required to work in excess of Normal Duties and reasonable on call/recall to provide direct patient care.
- (c) Where a Senior Medical Practitioner is required to work in excess of Normal Duties and reasonable on call/recall to provide direct patient care, the Public Health Organisation, in conjunction with the affected Senior Medical Practitioner, will review the work pattern of the Senior Medical Practitioner to reduce the number of hours. The review will attempt to reduce the number of hours worked by the Senior Medical Practitioner to conform with sub-clause (a) and the reduction may be achieved by means of time in lieu or other variations in Normal Duties as agreed between the Senior Medical Practitioner and the Public Health Organisation.
- (d) In the first instance every effort should be made to reduce the number of hours. However, in those exceptional circumstances where the hours worked by the Senior Medical Practitioner cannot be reduced in accordance with sub-clause (c) and this work:

- ! is required by the Public Health Organisation, and
- ! relates to direct patient care, and
- ! occurs in accordance with subclause (e) below,

the hours may be determined to be abnormal and an additional payment may be authorised by the Chief Executive Officer.

- (e) Subclause (d) above only applies when a Senior Medical Practitioner is regularly required by the Public Health Organisation to work abnormal hours over a six month period. In these circumstances, a payment of up to 5% of the rate applicable to a Senior Medical Practitioner under a Level 1 arrangement (including the Special Allowance and allowance for the assignment of Private Practice earnings), as provided for in Clause 2 of this Determination, may be authorised. Any such payment will be subject to review every six months. The review should again attempt to reduce the number of hours worked by the Senior Medical Practitioner to conform with subclause (a).

Following approval by the Chief Executive Officer, payments may commence at the

commencement of this Determination where a review of the hours worked in the 6 months immediately preceding this Determination revealed that the Senior Medical Practitioner worked abnormal hours in accordance with subclause (d).

- (f) Where the six monthly review identifies an exceptionally high level of abnormal hours which cannot be reduced, the Chief Executive Officer may submit all relevant details of that individual case to the Director-General. The submission should include evidence of how the allowance can be demonstrated to be cost neutral in accordance with Department of Health guidelines, as amended from time to time. In such cases, the Chief Executive Officer may recommend payment of up to 10% of the rate applicable to a Senior Medical Practitioner under a Level 1 arrangement (including the Special Allowance and allowance for the assignment of Private Practice earnings), as provided for in Clause 2 of this Determination.

Upon commencement of this Determination the Chief Executive Officer may immediately make application to the Director-General for approval to pay the allowance to a Senior Medical Practitioner where a review of the hours worked by the Senior Medical Practitioner in the 6 months immediately preceding the date of making this Determination revealed that an exceptionally high level of abnormal hours were worked by the Senior Medical Practitioner.

In making the application the Chief Executive Officer may recommend that payment of the allowance should commence from a time agreed between the Senior Medical Practitioner and the Chief Executive Officer, but in any case the payment shall not commence earlier than the date of ratification of the Award.

This recommendation must include details of the cost neutral basis of such a payment. This payment would be made instead of, not in addition to, the payment described in subclause (e) above.

- (g) The payments provided under (e) and (f) above shall not be paid to more than 10% of the Senior Medical Practitioners employed by the Public Health Organisation at any one time without the written approval of the Director-General. Chief Executive Officers who believe that the 10% figure is inappropriate because they employ only a small number of Senior Medical Practitioners should make a written submission to the Director-General about appropriate parameters for the payment of the allowance.
- (h) The payments provided under (e) and (f) above shall not count as salary for the purposes of calculating any entitlement.

5 TRAINING, EDUCATION AND STUDY LEAVE (excluding Postgraduate Fellows).

- (a) The Parties agree that the Health System has a responsibility to ensure that all Senior Medical Practitioners employed in the Health System have appropriate and equitable access to Training, Education and Study Leave that is relevant to both the Senior Medical Practitioner and the Area.
- (b) Leave Entitlement - The parties agree that Senior Medical Practitioners are entitled to 25 calendar days of Training, Education and Study Leave each year.
- (c) Funding entitlement -
- (i) The parties agree that Senior Medical Practitioners are entitled to funding for the purpose of Training, Education and Study Leave. Such entitlement shall accumulate to a maximum of the dollar value of two years of entitlement unless otherwise approved by the Chief Executive Officer.
- (ii) Based on the approved travel and leave arrangements, funds will be paid to the

Senior Medical Practitioner on application.

- (iii) The entitlement for Level 1 Senior Medical Practitioners is outlined in (l) below. The entitlement for Senior Medical Practitioners employed under Levels 2 to 5 is a matter for the trustees of the appropriate Trust Fund to determine having regard to the payment made to Senior Medical Practitioners under Level 1.
 - (iv) Funding will be based on a dollar value to be determined by a committee representative of the parties. The committee will use the formula contained in subclause (l). It is agreed that the amount identified in the Central Sydney Area Health Service Staff Specialists Wages Agreement in respect to the annual sum shall apply to all Senior Medical Practitioners until the committee has reached agreement.
- (d) Senior Medical Practitioners (Fractional Appointments)
- (i) The entitlement to leave and funding for Senior Medical Practitioners who are working pursuant to a Part Time Agreement is pro rata based on the full-time rate.
 - (ii) Senior Medical Practitioners working pursuant to a Part Time Agreement may accumulate the same maximum dollar value as a full-time Senior Medical Practitioner ie accrue two years full time equivalent entitlement as provided for in subclause (c).
 - (iii) The Chief Executive Officer may require a Senior Medical Practitioner who is working pursuant to a Part Time Agreement to take Training, Education and Study Leave at the full-time equivalent daily rate. Alternatively, by agreement with the Chief Executive Officer, a Senior Medical Practitioner who is working pursuant to a Part Time Agreement may take Training, Education and Study Leave at the same part-time daily rate of pay, provided that his/her leave entitlement is not exceeded. Agreement will not be unreasonably withheld. Full-time Senior Medical Practitioners shall take Training, Education and Study Leave, however accrued, at the full-time equivalent daily rate.
 - (iv) Payment of the per diem element of the available funding should match the rate at which Training, Education and Study Leave is taken, eg. a part-time Senior Medical Practitioner who takes Training, Education and Study Leave at the full-time daily rate of pay should also be paid the per diem funding at the full-time daily rates, provided that his/her entitlement is not exceeded.
- (e) Source of Funding
- (i) The funding provided for in c) above, will be funded by:
 - 1) the General Fund for Senior Medical Practitioners employed pursuant to Level 1.
 - 2) the appropriate Trust Fund for Senior Medical Practitioners employed pursuant to Levels 2 to 5. The quantum of the funding is a matter for the trustees of the appropriate Trust Fund to determine having due regard to the payment made to Senior Medical Practitioners under Level 1. Such allocation is to be limited to the ability of the appropriate Trust Fund to meet the allocation.

The funding provided for in c) above is a minimum entitlement. Additional drawings for Senior Medical Practitioners employed pursuant to Levels 2 to 5 will be dependent on the monies available in the appropriate trust Fund.

Note: Any questions about the "appropriate Trust Fund" should be directed to the Workforce Relations Branch of the Department of Health.

(ii) Where a Senior Medical Practitioner has accrued a right to Training, Education and Study Leave with the same Public Health Organisation partly under Level 1 and partly under Level 2, 3, 4 or 5, he/she shall be entitled to access from the Public Health Organisation's general fund 1/12th of the annual funding entitlement pursuant to subclause (c) above for each completed month of service under Level 1 (subject to subclause (c) (i) of this Determination), less any funding entitlement already taken. In the cases of Levels 2 to 5, approval must be obtained from the trustees or the body authorised by the trustees, in order for that portion of the funding entitlement accrued under Level 2, 3, 4, or 5 to be accessed.

(f) Approval of Leave

Training, Education and Study Leave can be taken for purposes relevant to both the Senior Medical Practitioner and the Public Health Organisation, at the discretion of the Senior Medical Practitioner, within or outside Australia, subject to approval by the Chief Executive Officer or his/her nominee:

Approval should not be unreasonably withheld.

(g) If a dispute occurs as to the interpretation of this Clause, the matter will be dealt with in accordance with the Issues Resolution, Clause 6 of this Determination.

(h) The Parties agree that leave entitlements to Conference and Study Leave, accrued prior to the commencement of this Determination pursuant to Circular 90/39 or any Enterprise Agreement, will be transferred in full, to the entitlements accrued pursuant to this Clause.

In respect to leave accrued for study leave purposes a Senior Medical Practitioner who has been employed for less than 5 years will be entitled to a proportionate amount of leave based on his/her length of service less any study leave taken.

(i) Transfer of leave entitlement - a senior medical practitioner who transfers:

- (i) between levels pursuant to Clause 2 of this Determination; or,
- (ii) between Public Health Organisations in accordance with the provisions of the *Transferred Officers Extended Leave Act*:

will have his/her leave entitlement pursuant to subclause (b) of this clause transferred at the same time on the basis of 25/12 days for each completed month of service, less any leave already taken.

(j) A Senior Medical Practitioner will not be entitled to any entitlement pursuant to this Clause upon retirement, resignation (except as outlined in subclause (i) above), redundancy or dismissal.

(k) This Clause shall not apply to Senior Medical Practitioners participating in Scheme D (current scheme), who shall receive Conference and Study Leave in accordance with circular number 90/39 issued by the Department of Health on 23 May 1990.

(l) Pursuant to Subclause (c) (iv) the funding entitlement will be determined by the committee based on the following:

i) Airfare

1. Total each year based on:
 - a) 3/5 of a Qantas round the world business class airfare (including departure tax); and
 - b) 1 Qantas Sydney-Perth business class airfare.
2. This money may be used to purchase any number of airfares for the Senior Medical Practitioner provided the total value is not exceeded.
3. On 30 June each year any residual will be indexed by using the average of the airfares on that date divided by the average of the airfares for 30 June of the preceding year.

ii) Perdiem.

1. Total each year based on:
 - a) Overseas: Based on sample of hotel rates and published government incidentals allowances for representative capital cities for 18 days. This should be calculated at June 30 of each year. The calculation should be based on the 10 cities most commonly visited and the 3 hotel chains most commonly used by Senior Medical Practitioners.
 - b) Local: Based on government capital city rates for 7 days available at 30 June.
2. These amounts are totalled each year and may be used in any combination of overseas or local travel.
3. If insufficient funds exist to pay for registration, airfares, or other allowable expenses then all or some of the per diem may be used for this purpose.
4. On 30 June each year any residual of the funding entitlement will be indexed by multiplying the residual by the total of the assigned value for overseas and Australian per diems divided by the previous year's total.

iii) Registration.

1. Based each year on:
 - a) 1 overseas conference
 - b) 1 Australian conference
 - c) 2 local continuing education meetings.
2. This money may be applied to any number of registrations provided the total entitlement is not exceeded.
3. On 30 June each year any residual will be indexed by using the assigned value for conference registration divided by the assigned value for the previous year.

(m) Specialist Medical Administrators

A Specialist Medical Administrator employed in accordance with Clause 18 of the Award may

make a once-only election for the term of the Award to either:

- (i) accrue the Training, Education and Study Leave funding entitlement pursuant to this clause; or
- (ii) use a motor vehicle consistent with Senior Executive Service guidelines and charges.

The election must be made within one month of the date of commencement of the Award, or the commencement of employment.

If a Specialist Medical Administrator elects option (ii) above, he/she will be entitled to access an amount of Training, Education and Study Leave annual funding entitlement which represents the difference in value between (i) and (ii) above. With regard to the accumulation of the funding entitlement, a Specialist Medical Administrator who elects option (ii) above may accumulate the same dollar value as a Specialist Medical Administrator who elects option (i) above. The number of days of Training, Education and Study Leave available shall be reduced by the same proportion as the annual funding entitlement is reduced.

This provision shall not apply to Senior Medical Practitioners who are not Specialist Medical Administrators employed in accordance with Clause 18 of the Award.

6 ISSUE RESOLUTION

Any disagreement in relation to matters contained within this Determination will be resolved in accordance with the Issue Resolution procedure provided for in Clause 3 of the Award.

SCHEDULE 3

**PROCEDURES FOR PUBLIC HEALTH ORGANISATIONS
ON GST TREATMENT OF RIGHTS OF PRIVATE PRACTICE**

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Basic Structure of Arrangements

Senior Medical Practitioners (SMPs) have been divided into four groups for the purposes of these arrangements. These are:-

1. Level 1 SMPs;
2. Level 2-5 SMPs who are **not** in a private practice partnership and whose infrastructure charge is less than 90% of cash received;
3. Level 2-5 SMPs who **are** in a private practice partnership and whose infrastructure charge is less than 90% of cash received; and
4. Level 2-5 SMPs whose infrastructure charge is 90% or more of cash received. (Note, where the infrastructure charge is over 90%, the arrangements will be the same regardless of whether the SMP is an individual or a private practice partnership).

For reasons of simplicity, this procedure has been set out the tasks associated with the rights and obligations arising for the SMPs and Public Health Organisations (PHOs) for each of these four categories. For this reason, some information may be repeated in more than one section.

For SMPs other than Level 1, the procedural requirements have been clearly set out, and then included into a timeline. The arrangements for processing of infrastructure charges have been set out for three separate periods. These are:-

1. The initial period of 1 July to 31 October;
2. Ongoing arrangements from 1 November; and
3. The annual component of the infrastructure charge.

These arrangements have been further refined to allow for PHOs who invoice their infrastructure charge in the same month as billings are processed and for those who invoice in the month after billings are processed.

Definition of terms

A number of common terms have been used throughout this document. To ensure that there is no confusion between different PHOs and SMPs who may use different terms, these terms have been defined below:-

PHOs PHOs can include area health services, statutory health organisations or an affiliated health organisation in respect of its establishments and services recognised in the NSW Health Services Act.

SMPs	SMPs should be read as pertaining to the SMP's individually, in private practice partnership or as a member of an appropriately registered legal entity. Note, other legal entities are expected to include corporates, however, at this time, any group of SMPs who wish to register other than as an individual or a private practice partnership, for example as a corporate entity, must consult the NSW Department of Health (the Department) and Australian Salaried Medical Officers' Federation (NSW) (ASMOF) for prior approval.
No 1 Account	An account administered by the PHOs, or such other organisation as agreed, into which all rights of private practice receipts are deposited, and from which drawings and infrastructure charges are paid.
No 2 Account	A separately identifiable PHO Account into which annual components of the infrastructure charge that have been withdrawn from the No 1 Account are deposited as directed by PHOs.
Infrastructure charge	The infrastructure charge is made up of two components. The first is a monthly component (previously known as a facility fee) which is a monthly percentage of receipts which is drawn into the PHO General Account. The second is an annual component (previously known as the residual) which is paid into the No 2 Account from funds remaining in the No 1 account at the end of each financial year.

Net GST credit		The amount of GST credit available to an SMP from rights of private practice activities. The amount is calculated by deducting any GST payable on taxable supplies from the input tax credit available on the infrastructure charge. Unless otherwise stated, this amount is to be calculated assuming that GST has been accounted for on an accruals basis, regardless of the accounting method used by the SMP.
Private Partnership	Practice	SMPs who have entered into a private practice partnership agreement and have registered that partnership for GST purposes.
Infrastructure Charge of 90% or more		SMPs whose infrastructure charge is calculated as being an amount of 90% or more of receipts. Note where the SMP is a partnership, this would be calculated as being the percentage of total infrastructure charge levied on the partnership against the partnerships total receipts.
Infrastructure Charge of less than 90%		SMPs whose infrastructure charge is calculated as being an amount of less than 90% of receipts.

Accounting Procedures

A further circular will be forwarded to finance officers to give details of the accounting transactions required to be completed to give effect to the arrangements, including adjustment event procedures associated as necessary with drawings supplementation. This circular will detail how to take up the interim transactions processed into the arrangements for the period 1 July to 31 October, 2000, as well as the arrangement going forward.

Annexed to this Procedures document are model tax invoices for Level 2-5 SMPs. Included with each model tax invoice is an information schedule, which provides all necessary financial information to be provided to Level 2-5 SMPs by PHO. **These models are to be used by all PHOs unless prior approval has been obtained from the Department.** Note that no financial information is to be issued to Level 1 SMPs at this point in time.

It should be noted that neither the Department nor any PHO can undertake to assist SMPs in business activity statement (BAS) preparation. However, the financial information provided to SMPs (as shown on the model tax invoice annexed to this Procedures document) will be sufficient to ensure that SMPs will be able to complete any rights of private practice component of their BAS. This is regardless of whether they account on a cash or accruals basis. Additionally, this information will assist SMPs to make any calculations of net income necessary for instalment activity statements.

Level 1 SMPs

Practical Procedures & Obligations

In order to minimise or remove, if possible, the impact of GST (and the New Tax System generally) on Level 1 SMPs, as well as to reduce the administrative burden on the PHOs, the Department and ASMOF are still in the process of exploring with their advisers and the ATO certain options under the GST Act and other tax legislation. For this reason, the following interim procedures have been put in place specifically for Level 1 rights of private practice.

GST-free Billings

- The PHO should not include any private practice income in their BAS until further notice;
- The PHO will not be required to issue a statement of income to Level 1 SMPs for the period 1 July to 31 October, at this time.

GST Taxable Billings

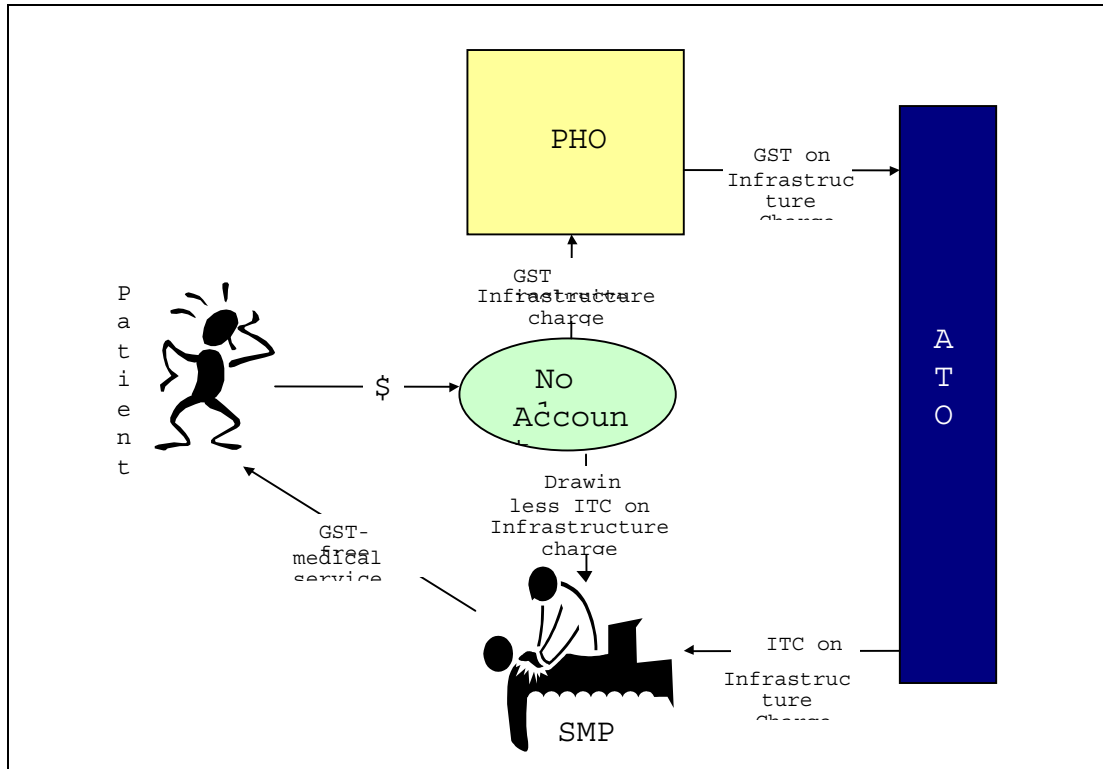
- The PHO should not include any GST taxable private practice income, such as those medico-legal reports billed under rights of private practice, in their BAS until further notice;
- PHOs should nevertheless continue to regard all potentially GST taxable activity as in fact GST taxable activity for pricing and billing purposes;
- Level 1 SMPs should advise PHOs if they are registered for GST, and provide details of ABNs, billing addresses and method of GST accounting;
- PHOs should ascertain, which, if any potentially GST taxable private practice activities have been billed as being taxable supplies from a Level 1 SMP who is not registered for GST.

At this stage, no further actions, other than those outlined above, should be taken in relation to Level 1 SMP GST/New Tax System issues. It is expected that the issues still being resolved will be finalised by the end of November, 2000. At that time, a further procedural document for Level 1 SMPs will be circulated.

Levels 2-5 SMPs

GST Treatment Explained

A diagram of how a typical SMP private practice transaction is treated for GST appears below.



Patient Billings:

Where the bill is for the supply of a medical service covered by Medicare or is recognised as being required for the treatment of the patient, the supply will be a GST-free supply by the SMP.

Supplies that are not for the treatment of the patient, e.g. the provision of medico/legal reports to insurers, will be a GST taxable supply by the SMP.

Supplies which are of medical services provided for purely cosmetic reasons and for which no Medicare benefit is payable will be a GST taxable supply by the SMP.

Infrastructure charges:-

Monthly: The monthly component of the infrastructure charge will be for a GST taxable supply made by the PHO, however the SMP will be eligible to recover an input tax credit for the GST included in the charge.

Annual: The additional annual component of the infrastructure charge paid from the balance of the No 1 Account will also be for a GST taxable supply made by the PHO, with SMPs again eligible to

recover an input tax credit for the GST.

Note: As infrastructure charges can meet the requirements of a progressive or periodic supply, GST will only be payable by the PHO to the ATO on each amount of consideration (i.e. the payment of the infrastructure charge) being received.

Drawings:-

Drawings will not attract GST, as there is no supply and they are transfers within the same registered entity (i.e. the SMP). That is, it is only the movement of an SMP's funds between two bank accounts.

Level 2-5 SMPs who are NOT in a private practice partnership with an Infrastructure charge of less than 90%

Practical Procedures & Obligations

Note that references in this procedural document to SMPs should be read as pertaining to the SMP's appropriately registered legal entity of which he/she is a member (other than a private practice partnership) or, in the event that such a structure is not in existence, to the SMP individually.

*SMPs with an annual turnover of less than \$50,000 may choose not to be registered for GST, however, regardless of this fact these procedures will still apply. SMPs who choose not to be registered should be aware that they will suffer a loss of income due to the need to refund an amount equivalent to net GST credits to the No 1 Account irrespective of the fact that these amounts have not been received from the ATO.****PHO Obligations***

PHOs are obliged to do the following:-

- Invoice patients (or other recipients of the supply) on a SMP's behalf. However, the PHO will only issue a tax invoice on behalf of the SMP (quoting the ABN of the PHO, as agent) in the event that a supply is GST taxable and the patient or other recipient requests one. Copies of such tax invoices for any taxable supplies are to be provided to the relevant SMP.
- Ensure that payments for services rendered by SMPs are deposited in a separately identifiable account administered by the PHO (this account is referred to as the No 1 Account throughout this document);
- Issue a compliant tax invoice for the monthly component of the infrastructure charge to SMPs following close of books for that month;
- Issue cash statements of transactions on the No 1 Account to all SMPs (not only those who account for GST on a cash basis) , following close of books for that month (refer sample tax invoice and financial information annexed to this Procedures document);
- Issue a statement of gross billings to all SMPs immediately following the close of books for that month. Except in the circumstances detailed in the following dot points, where SMPs are members of a group (e.g. approved pathology provider arrangements), PHOs will undertake to issue patient invoices and provide gross billing statement information on an individual SMP basis. Where this is currently not possible, PHOs will generally undertake to make arrangements to move to a system capable of tracking this information, in the event that such information can be tracked.
- Notwithstanding the above, in the following circumstances, PHOs should provide gross billing information on individual allocation of gross billings based on the proportion of individual drawings to total group drawings. These circumstances are:-
 - where individual billing information is not available; or

- as an interim measure for PHOs moving to individual billings information;
- Issue consolidated gross billing statements covering all SMP members of a legal entity where the SMP is a member of a wider, GST registered legal entity for the purposes of rights of private practice;
- Not draw any amount of the infrastructure charge from the No.1 Account prior to the issue of the tax invoice where the PHO closes their books prior to the end of a month. Where the PHO closes their books at the end of month (1st month) and does not impose an infrastructure charge until the following month (2nd month), the infrastructure charge may be drawn prior to the issue of a tax invoice, provided that the tax invoice, with accompanying billing information for the 2nd month is presented to the SMP no later than two (2) days after the end of the month in which the charge was raised (i.e. in the 3rd month). (Note as the infrastructure charge has been paid in the 2nd month, provided the tax invoice is received prior to lodgment of a BAS in the 3rd month the SMP can include infrastructure charges raised in the 2nd month in their BAS which may be lodged in the 3rd month);
- The first 1/11th of the annual component of the infrastructure charge will be paid from the No 1 account to the PHOs General Fund. The remaining 10/11th of the annual component of the infrastructure charge is to be paid into a separately identifiable PHO account (referred to through this procedural document as the No 2 Account) in two instalments (9/11th and 1/11th respectively), in accordance with the timeline dates outlined later in this procedures document and subject to availability of funds in the No 1 Account. These amounts will not be paid into any other accounts;
- In relation to annual components of the infrastructure charge, if an SMP does not pay an amount equivalent to 1/11th of the annual component by the 21st day of the month following the month in which a tax invoice was issued for the annual component, or such other day as is agreed in accordance with the timeline dates outlined later in this procedures document, then subsequent drawings payments will be reduced, as required, to return this amount to the No 1 Account.
- Issue a compliant tax invoice dated 30 June, for the annual component of the infrastructure charge to SMPs following the close of books at the end of the financial year;
- Only draw out of the No 1 Account, an amount equal to 10/11th of the GST inclusive infrastructure charge (whether on a monthly or annual basis) on the day the tax invoice is raised, or the day on which the charge is calculated for PHOs who raise an infrastructure charge after the end of a month (subject to the provisions outlined in the timelines, which appear later in this document, for the annual component of the charge). The additional 1/11th will be drawn on the last day of the month in which a quarterly BAS was due for lodgment. However, where sufficient funds are available, the additional 1/11th may be drawn prior to the last day of the month in which a quarterly BAS was due for lodgment (i.e. on any day on or after the day on which the 10/11th of the infrastructure charge is drawn provided that the No 1 Account has sufficient funds to pay that amount);
- In relation to SMP drawings, the following procedures will operate. For the first drawings payment made after the date on which a quarterly BAS is required to be lodged, and subsequent months as necessary, the SMP's drawings will be reduced by an amount

equal to their net GST position (exclusive of annual infrastructure GST effects) for that quarter, from the rights of private practice activities. An amount equivalent to the reduction amount will then be transferred to the PHO General Account, in the event that the PHO has not already drawn the full 11/11th of the infrastructure charge;

- Meet any approved SMP Professional Development expenditure (TESL). Other than in those circumstances where allowances are paid to SMPs (including per diems), TESL is the hospital's expenditure, for which the PHO may be entitled to an input tax credit. TESL will only ever be paid from the No 2 Account. Where the SMP receiving an allowance (including per diems) is registered for GST, the SMP may be entitled to an input tax credit for any GST taxable expenses met from their allowances. Note, this paragraph is not intended to change the scope of TESL from that which is already provided;
- Ensure payment of drawings to SMPs who have elected Levels 2, 3 or 4 at an agreed minimum level per month. This practice is known as supplementation. If receipts do not allow for this level of drawings, the PHO will reduce infrastructure charges for that month, and previous months if necessary, to provide drawings to the SMP to that level. Where this results in an "adjustment event" for GST purposes, the PHO will raise an adjustment note and provide it to the SMP as required, either on a monthly or an annual basis. (Note, changes to infrastructure charge levels in the same month do not give rise to an adjustment event, therefore, where only the current month's infrastructure charge is adjusted, no adjustment note is required unless a tax invoice for the full infrastructure charge has been provided to the SMP). Note, the operation of this paragraph is not intended to change the scope of supplementation from that which currently exists.

SMP Obligations

SMPs are obliged to do the following:-

- Advise PHO whether, with effect from 1 July, 2000 or any other effective date, they are registered, or have applied to be registered, for GST, as an individual or whether they are a member of a legal entity (e.g. partnership) which has so applied. Also, to advise if, at any time they cease to hold that registration during such time as they conduct rights of private practice in a NSW PHO. (Note: where SMPs are members of a partnership for rights of private practice purposes, this will reduce considerably the administrative burden on all parties);
- Advise the PHO of the details of the individual SMP or the legal entity of which they are a member. Such details are as follows: the ABN (where available), the name and address for inclusion on tax invoices, and their chosen method of GST accounting (i.e. accrual or cash). In the event of any change to the ABN, the SMP will advise the PHO of that change within seven (7) days of that change occurring or advice from the ATO being received that the change has occurred;
- In relation to SMP drawings, to allow for an amount equivalent to any net GST credit, referable to private practice activity (GST on taxable medical services less input tax credits on infrastructure charges) to be retained in the No 1 Account . The PHO will recover these amounts on a quarterly basis. This will be achieved through a reduction of the first drawings payment made after the date on which a quarterly BAS is required to

be lodged, and subsequent months as necessary by an amount equal to the net GST position, for that quarter, from the rights of private practice activities. This procedure applies regardless of whether the SMP is lodging on a monthly or quarterly basis. Note, where the SMP has advised the PHO that they account for GST on the cash accounting method but will be moving to accruals from the quarter commencing 1 October, then for the **first quarter only**, the GST net amount will be calculated as being the cash accounting net amount, where the PHO has not drawn the full 11/11th of the infrastructure charges raised during the months of July to September. Where this is the case, drawings will only be reduced by the cash amount with the remainder of the accruals based net amount being recovered from January drawings;

- In relation to annual components of the infrastructure charge, the SMP is required to pay into the No 1 Account an amount equivalent to 1/11th of the annual component by the 21st day of the month following the month in which a tax invoice was issued for the annual component of the infrastructure charge, or such other date as is nominated by the PHO in the event that the annual component is invoiced but not paid by 30 June. If the payment is not received by the 21st day of the month, then subsequent drawings will be reduced, as required, to return this amount to the No 1 Account. These amounts will then be transferred to the No 2 Account, in the event that the PHO has not already drawn the full 11/11th of the infrastructure charge;
- In the event that a SMP changes their private practice election to Level 1, the SMP will ensure that all GST net amounts have been fully funded in the No 1 Account, or make arrangements for payment of any outstanding amounts by the 21st day of the month in which a quarterly BAS is due for lodgment for the period in which the final tax invoice is received. If payment is not received, the PHO will be entitled to recover the outstanding amount through reduction of salary amounts owed to the SMP by the PHO until such time as the amount is paid. The SMP will provide the PHO with a written authority at the time of changing their private practice election to Level 1 to cover this entitlement. Note, the PHO must provide the SMP with seven (7) days notice of their intention to reduce amounts owed to the SMP in accordance with the written authority;
- Provide the PHO with a written authority upon commencement of employment or, if currently employed, as soon as practicable to use any termination payments (including annual leave and long service leave payouts) to offset any remaining liability of the SMP in relation to the infrastructure charge. Note, the PHO must provide the SMP with seven (7) days notice of their intention to reduce these amounts.

Practical Implementation of GST for PHOs who Levy the Infrastructure Charge in the Billing Month

This part of the procedure should be used by PHOs who close their books on or before the last day of a month and who calculate, invoice and withdraw infrastructure charges on or before the last day of the billing month

GST has been in place since 1 July so it is necessary to institute an initial set of procedures (described as the First Arrangement below) as well as ongoing procedures to apply going forward (described as the Second Arrangement below).

These arrangements are described below in timeline format. In addition, fully worked examples where an SMP is accounting for GST on accruals basis (example 1a) or a cash basis (example 1b) are provided.

First Arrangement (July, 2000 – October, 2000)

For ease of understanding, tasks have been set out in a timeline. Note the dates included are the latest possible date for each action/transaction to occur.

Assumptions

- SMPs are registered, either individually or as part of a legal entity, from, or with effect from 1 July.
- PHO will raise a tax invoice for the infrastructure charge for the period July to September and then move to monthly tax invoices from October.
- The monthly component of the infrastructure charge is calculated, invoiced and paid in the month it occurs.
- Quarterly BAS period dates are assumed to end on each of 30 September, 31 December, 31 March, 30 June.
- The PHO is assumed to be following the interim procedures set out in 27 July and 1 August instructions from the Department.
- Where drawings in November are not sufficient to cover the net GST recoverable from rights of private practice for the period 1 July to 30 September, it has been agreed that the shortfall will be met from the No 1 Account and drawings in the month of December will be reduced to recover these funds.

1 July:-	SMPs registered for GST (or registrations to be effective from 1 July);
30 September:-	PHO to withdraw 10/11 th of GST inclusive infrastructure charge for September from No 1 Account;
7 October:-	PHO to have lodged their September BAS without incorporating an amount of GST on the infrastructure charge raised for the period 1 July to 30 September, 2000;

- 31 October:- All SMPs to have notified PHO of either individual or legal entity GST registration details including ABN (where available), name and address for billing purposes and their GST accounting method;
- PHO to withdraw 10/11th of GST inclusive infrastructure charge for the month of October from No 1 Account;
- 3 November:- PHO to raise a tax invoice for an infrastructure charge for the period 1 July to 30 September, 2000;
- PHO to provide the tax invoice to the SMP together with copies of any tax invoices issued on the SMPs behalf, for taxable supplies for the period 1 July to 30 September, 2000;
- PHO to raise a tax invoice for the infrastructure charge for the month of October;
- PHO to provide the tax invoice to the SMP together with copies of any tax invoices issued on the SMPs behalf, for taxable supplies in the month of October;
- 7 November:- PHO to have lodged their October BAS incorporating an amount of GST on the infrastructure charge raised for the period 1 July to 30 September and the month of October.
- 11 November:- SMP to have lodged their BAS for the quarter ended 30 September (note, this is generally the last possible date for lodgment unless a specific extension has been received from the Australian Taxation Office e.g. through tax agents);
- 30 November:- PHO to deduct the GST net amount from rights of private practice activities from drawings for the period 1 July to 30 September, 2000 for SMPs with a level of infrastructure charge of less than 90%;
- PHO to withdraw from the No 1 Account the outstanding amounts of infrastructure charges (equal to 1/11th of the invoiced amounts) for the period 1 July to 30 September. (Note this may be withdrawn earlier, at the PHO's discretion, subject to availability of funds).

Second Arrangement (ongoing from November 2000 billings)

Note, the days nominated are expected to be the last day on which a task would be carried out and may happen earlier.

- Last day of billing month:- PHO to raise a tax invoice for an infrastructure charge for the month.
- PHO to provide the tax invoice to the SMP together with copies of any tax invoices issued on the SMPs behalf, for taxable supplies for the month.
- PHO to withdraw 10/11th of GST inclusive infrastructure charge.

7th day of following month:-PHO expected to have lodged their BAS for the previous month incorporating an amount of GST on the infrastructure charge raised for that month.

Last day of month following end of a quarterly BAS period: PHO to deduct the GST net amount for the previous quarter from rights of private practice activities from drawings.

Annual infrastructure charge arrangements

Note: where the annual infrastructure charge is not to be raised prior to, or on the last day of the financial year, then the PHO should refer to the arrangements outlined for PHOs who close their books on or after the end of the financial year.

Last day of financial year:- PHO to raise a tax invoice for the annual infrastructure charge;

PHO to provide the tax invoice to the SMP;

PHO to withdraw 10/11th of GST inclusive annual infrastructure charge;

7th day of following month:-PHO expected to have lodged their BAS for the previous month incorporating an amount of GST on the annual infrastructure charge.

21st day of following month:-SMPs to have paid into the No 1 Account an amount equivalent to 1/11th of the GST inclusive annual infrastructure charge and provide documentary evidence of this payment to the PHO;

PHO to raise a debtor against an SMP's drawings, where no payment has been received. These amounts to be withdrawn from the next, and if necessary, subsequent drawings payments made;

PHO to withdraw the outstanding amounts of infrastructure charges (equal to 1/11th of the invoiced amounts). (Note this may be withdrawn earlier or later, at the PHO's discretion, subject to availability of funds);

Example 1 (a)

Assumptions: Gross Billing: \$100/month (no GST taxable activities)
 Infrastructure charge raised in the same month as the billing period:
 - monthly 20% of Gross Billing plus GST (i.e. does not cover SMPs with a infrastructure charge level of 90% or more)
 - annual Balance of No 1 account plus GST
 Drawings: 70% of Receipts
 SMP Accounting Basis: **Accrual & Quarterly BAS lodgment**

Note: In working this example, due to complexities of adding in other taxation matters, no regard has been paid to PAYG or other GST liabilities outside rights of private practice. In reality, it is likely that every quarter, SMPs will receive their net GST credit by way of an offset to other tax liabilities, not a cash refund.

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
First Arrangement Begins					
31/7/00	PHO calculation of July Receipts	100.00	100.00		
	PHO calculation of July infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	80.00		
	PHO payment of July drawings to SMP	(70.00)	10.00		
7/8/00	PHO BAS lodgment.				
31/8/00	PHO calculation of August Receipts	100.00	110.00		
	PHO calculation of August infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	90.00		
	PHO payment of August drawings to SMP	(70.00)	20.00		
7/9/00	PHO BAS lodgment.				
30/9/00	PHO calculation of September Receipts	100.00	120.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	PHO calculation of September infrastructure charge plus GST. Draw 10/11 th of total.	(20.00)	100.00		
	PHO payment of drawings to SMP	(70.00)	30.00		
7/10/00	PHO BAS lodgment without including GST paid on infrastructure charge for the period 1 July to 30 September.	0		0	
31/10/00	PHO calculation of October Receipts	100.00	130.00		
	PHO calculation of October infrastructure charge plus GST. Raise a tax invoice for the month of October. Draw 10/11 th of total. Raise a tax invoice for the infrastructure charges calculated between 1 July and 30 September, 2000.	(20.00)	110.00		
	PHO payment of drawings to SMP with no deduction.	(70.00)	40.00		
7/11/00	PHO BAS lodgment including GST paid on infrastructure charge for the period 1 July to 30 September and for the month of October.	8.00		(8.00)	
11/11/00	SMP BAS lodgment for Sept quarter including	(6.00)			6.00

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	ITC on infrastructure charge for period July to Sept.				
30/11/00	PHO calculation of November Receipts	100.00	140.00		
	PHO calculation of November infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	120.00		
	PHO payment of drawings to SMP less net GST refund from rights of private practice activities for the period 1 July to 30 September.	(64.00)	56.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for the period July to September.	(6.00)	50.00	(2.00)	
Second Arrangement Begins					
7/12/00	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
31/12/00	PHO calculation of December Receipts	100.00	150.00		
	PHO calculation of December infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	130.00		
	PHO payment of	(70.00)	60.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	drawings to SMP				
7/1/01	SMP BAS lodgment including ITC on infrastructure charge for December quarter.	(6.00)			12.00
	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(6.00)	
31/1/01	PHO calculation of January Receipts	100.00	160.00		
	PHO calculation of January infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	140.00		
	PHO payment of drawings to SMP less net GST refund from rights of private practice activities for December quarter	(64.00)	76.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for December	(6.00)	70.00	0	
7/2/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(2.00)	
28/2/01	PHO calculation of February Receipts	100.00	170.00		
	PHO calculation of February infrastructure charge plus GST. Raise a tax	(20.00)	150.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	invoice. Draw 10/11 th of total				
	PHO payment of drawings to SMP	(70.00)	80.00		
7/3/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
31/3/01	PHO calculation of March Receipts	100.00	180.00		
	PHO calculation of March infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	160.00		
	PHO payment of drawings to SMP	(70.00)	90.00		
7/4/01	SMP BAS lodgment including ITC on infrastructure charge for March quarter.	(6.00)			18.00
	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(6.00)	
30/4/01	PHO calculation of April Receipts	100.00	190.00		
	PHO calculation of April infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	170.00		
	PHO payment of drawings to SMP less net GST refund from rights of private practice activities for March quarter	(64.00)	106.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for March quarter	(6.00)	100.00	0	
7/5/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(2.00)	
31/5/01	PHO calculation of May Receipts	100.00	200.00		
	PHO calculation of May infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	180.00		
	PHO payment of drawings to SMP	(70.00)	110.00		
7/6/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
30/6/01	PHO calculation of June Receipts	100.00	210.00		
	PHO calculation of June infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	190.00		
	PHO payment of drawings to SMP	(70.00)	120.00		
	PHO calculation of remainder of infrastructure charge (i.e. balance of No 1 Account) plus GST. Raise a tax invoice. Draw 10/11 th of total	(120.00)	0.00		
7/7/01	SMP BAS	(18.00)			36.00

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	lodgment including ITC on infrastructure charges for June quarter and year end.				
	PHO BAS lodgment including GST paid on infrastructure charge.	14.00		(18.00)	
21/7/01	SMP pays an amount equivalent to the ITC on annual infrastructure charge into No 1 Account	12.00	12.00		
31/7/01	PHO deduction from SMP of net GST refund from rights of private practice activities for June quarter	6.00	18.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for June quarter and annual component.	(18.00)	0	0	

Example 1 (b)

Assumptions: Gross Billing: \$100/month (no GST taxable activities)
 Infrastructure charge raised in the same month as the billing period:
 - monthly 20% of Gross Billing plus GST (i.e. does not cover SMPs with a infrastructure charge level of 90% or more)
 - annual Balance of No 1 account plus GST
 Drawings: 70% of Receipts
 SMP Accounting Basis: **Cash & Quarterly BAS lodgment**

Note: In working this example, due to complexities of adding in other taxation matters, no regard has been paid to PAYG or other GST liabilities outside rights of private practice. In reality, it is likely that every quarter, SMPs will receive their net GST credit by way of an offset to other tax liabilities, not a cash refund.

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
First Arrangement Begins					
31/7/00	PHO calculation of July Receipts	100.00	100.00		
	PHO calculation of July infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	80.00		
	PHO payment of July drawings to SMP	(70.00)	10.00		
7/8/00	PHO BAS lodgment.				
31/8/00	PHO calculation of August Receipts	100.00	110.00		
	PHO calculation of August infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	90.00		
	PHO payment of August drawings to SMP	(70.00)	20.00		
7/9/00	PHO BAS lodgment.				
30/9/00	PHO calculation of September Receipts	100.00	120.00		
	PHO calculation of September	(20.00)	100.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	infrastructure charge plus GST. Draw 10/11 th of total.				
	PHO payment of drawings to SMP	(70.00)	30.00		
7/10/00	PHO BAS lodgment without including GST paid on infrastructure charge for the period 1 July to 30 September.	0		0	
31/10/00	PHO calculation of October Receipts	100.00	130.00		
	PHO calculation of October infrastructure charge plus GST. Raise a tax invoice for the month of October. Draw 10/11 th of total. Raise a tax invoice for the Infrastructure charges calculated between 1 July and 30 September, 2000.	(20.00)	110.00		
	PHO payment of drawings to SMP with no deduction.	(70.00)	40.00		
7/11/00	PHO BAS lodgment including GST paid on infrastructure charge for the period 1 July to 30 September and for the month of October.	8.00		(8.00)	
11/11/00	SMP BAS lodgment for Sept quarter including ITC on infrastructure	(5.45)			5.45

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	charge for period July to Sept. (note as only 10/11 th of charge paid only 10/11 th of ITC is available)				
30/11/00	PHO calculation of November Receipts	100.00	140.00		
	PHO calculation of November infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	120.00		
	PHO payment of drawings to SMP less net GST refund from rights of private practice activities for the period 1 July to 30 September	(64.00)	56.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for the period July to September	(6.00)	50.00	(2.00)	
Second Arrangement Begins					
7/12/00	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
31/12/00	PHO calculation of December Receipts	100.00	150.00		
	PHO calculation of December infrastructure charge plus GST. Raise a tax invoice. Draw	(20.00)	130.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	10/11 th of total				
	PHO payment of drawings to SMP	(70.00)	60.00		
7/1/01	SMP BAS lodgment including ITC on infrastructure charge for December. (note includes 1/11 th of the final 1/11 th payment of infrastructure charges for July to September made to December)	(6.00)			11.45
	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(6.00)	
31/1/01	PHO calculation of January Receipts	100.00	160.00		
	PHO calculation of January infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	150.00		
	PHO payment of drawings to SMP less net GST refund from rights of private practice activities for December quarter	(64.00)	76.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for December quarter	(6.00)	70.00	0	
7/2/01	PHO BAS lodgment including GST paid on	2.00		(2.00)	

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	infrastructure charge.				
28/2/01	PHO calculation of February Receipts	100.00	170.00		
	PHO calculation of February infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	150.00		
	PHO payment of drawings to SMP	(70.00)	80.00		
7/3/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
31/3/01	PHO calculation of March Receipts	100.00	180.00		
	PHO calculation of March infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	160.00		
	PHO payment of drawings to SMP	(70.00)	90.00		
7/4/01	SMP BAS lodgment including ITC on infrastructure charge for February. (note includes 1/11 th of the final 1/11 th payment of infrastructure charges for October to December made to end of March)	(6.00)			17.45
	PHO BAS lodgment including GST paid on infrastructure	2.00		(6.00)	

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	charge.				
30/4/01	PHO calculation of April Receipts	100.00	190.00		
	PHO calculation of April infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	170.00		
	PHO payment of drawings to SMP less net GST refund from rights of private practice activities for March quarter	(64.00)	106.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for March quarter	(6.00)	100.00	0	
7/5/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(2.00)	
31/5/01	PHO calculation of May Receipts	100.00	200.00		
	PHO calculation of May infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	180.00		
	PHO payment of drawings to SMP	(70.00)	110.00		
7/6/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
30/6/01	PHO calculation of June Receipts	100.00	210.00		
	PHO calculation of	(20.00)	190.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	June infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total				
	PHO payment of drawings to SMP	(70.00)	120.00		
	PHO calculation of remainder of infrastructure charge (i.e. balance of No 1 Account) plus GST. Raise a tax invoice. Draw 10/11 th of total	(120.00)	0.00		
7/7/01	SMP BAS lodgment including ITC on infrastructure charges for June and year end. (note includes 1/11 th of the final 1/11 th payment of infrastructure charges for January to March made to June)	(16.91)			34.36
	PHO BAS lodgment including GST paid on infrastructure charge.	14.00		(14.00)	
21/7/01	SMP pays an amount equivalent to the ITC on annual infrastructure charge into No1 Account	12.00	12.00		
31/7/01	PHO deduction from SMP of net GST refund from rights of private practice activities for June quarter	2.00	14.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for June quarter and annual component.	(14.00)	0	0	
7/10/01	SMP BAS lodgment including ITC of 1/11 th of the final 1/11 th payment of infrastructure charges for April to June and annual component made in July – not claimable in previous BAS under cash accounting rules)	(1.64)			36.00

Practical Implementation of GST for PHOs who Levy the Infrastructure Charge in the month after the Billing Month

This part of the procedure should be used by PHOs who close their books on or after the last day of a month and who calculate, invoice and withdraw infrastructure charges in the month following the billing month

GST has been in place since 1 July so it is necessary to institute an initial set of procedures (described as the First Arrangement below) as well as ongoing procedures to apply going forward (described as the Second Arrangement below).

These arrangements are described below in timeline format. In addition, fully worked examples where an SMP is accounting for GST on accruals basis (example 1c) or on a cash basis (example 1d) are provided.

First Arrangement (July, 2000 – October, 2000)

For ease of understanding, tasks have been set out in a timeline. Note the dates included are the latest possible date for each action/transaction to occur. The second day of the following month has been used as the date for payment of the infrastructure charge only for ease of understanding as this is the day on which a tax invoice and financial information is provided. This does not necessarily reflect the date on which this amount is actually paid.

Assumptions

- SMPs are registered, either individually or as part of a legal entity, from, or with effect from 1 July.
- PHO will raise a tax invoice for the infrastructure charge for the period July to August and then move to monthly tax invoices from September.
- The monthly component of the infrastructure charge is calculated, invoiced and paid in the month after the billing month (with the exception of the month of June, where the invoice should be dated 30 June).
- Quarterly BAS period dates are assumed to end on each of 30 September, 31 December, 31 March, 30 June.
- The PHO is assumed to be following the interim procedures set out in 27 July and 1 August instructions from the Department.
- Where drawings for November (drawn in December) are not sufficient to cover the net GST recoverable from rights of private practice for the period 1 July to 31 August, it has been agreed that the shortfall will be met from the No 1 Account and drawings paid in January for December will be reduced to recover these funds.

1 July:-	SMPs registered for GST (or registrations to be effective from 1 July);
2 July:-	PHO to withdraw the June infrastructure charge with no GST applicable;
2 August:-	PHO to withdraw 10/11 th of GST inclusive infrastructure charge for the month of July from No 1 Account;

- 2 September:- PHO to withdraw 10/11th of GST inclusive infrastructure charge for the month of August from No 1 Account;
- 2 October:- PHO to withdraw 10/11th of GST inclusive infrastructure charge for the month of September from No 1 Account;
- 7 October:- PHO to have lodged their September BAS without incorporating an amount of GST on the infrastructure charges raised for the period 1 July to 31 August, 2000;
- 31 October:- All SMPs to have notified PHO of either individual or legal entity GST registration details including ABN (where available), name and address for billing purposes and their GST accounting method;
- 3 November:- PHO to raise a tax invoice for an infrastructure charge for the period 1 July to 31 August, 2000 (Note there is a requirement for the PHO to provide transaction information to 30 September while the tax invoice is only to 31 August);
- PHO to provide the tax invoice to the SMP together with copies of any tax invoices issued on the SMPs behalf, for taxable supplies for the period 1 July to 30 September, 2000;
- PHO to raise a tax invoice for the infrastructure charge for the month of September (Note there is a requirement for the PHO to provide transaction information for October while the tax invoice is for September);
- PHO to provide the tax invoice to the SMP together with copies of any tax invoices issued on the SMPs behalf, for taxable supplies in the month of October;
- 7 November:- PHO to have lodged their October BAS incorporating an amount of GST on the infrastructure charge raised for the period 1 July to 31 August and the month of September.
- 11 November:- SMP to have lodged their BAS for the quarter ended 30 September (note, this is generally the last possible date for lodgment unless a specific extension has been received from the Australian Taxation Office e.g. through tax agents). This BAS should include infrastructure charges raised for July and August, and billing information for the period 1 July to 30 September;
- 2 December:- PHO to deduct the GST net amount from rights of private practice activities from drawings for the period 1 July to 31 August, 2000 for SMPs with a level of infrastructure charge of less than 90%;
- PHO to withdraw from the No 1 Account the outstanding amounts of infrastructure charges (equal to 1/11th of the invoiced amounts) for

the period 1 July to 31 August. (Note this may be withdrawn earlier, at the PHO's discretion, subject to availability of funds).

Second Arrangement (ongoing from November 2000 billings)

Note, the days nominated are expected to be the last day on which a task would be carried out and may happen earlier.

Last day of billing month:- PHO to close off month in ledgers.

2nd day of following month:- PHO to withdraw 10/11th of GST inclusive (i.e. the 2nd month) infrastructure charge calculated for the billing month.

2nd day of 3rd month:- PHO to issue a tax invoice for the infrastructure charge levied during the 2nd month. PHOs should note that there is a requirement for the PHO to provide transaction information for the 2nd month while the tax invoice is only for any infrastructure charges levied during the 2nd month (ie the charge calculated on the billing month on the 2nd day of the 2nd month). As the infrastructure charge has been paid in the 2nd month, provided the tax invoice is received prior to lodgment of a BAS in the 3rd month the SMP can include the infrastructure charges levied in the 2nd month in their BAS for the 2nd month, lodged in the 3rd month;

PHO to provide the tax invoice to the SMP together with copies of any tax invoices issued on the SMPs behalf, for taxable supplies during the 2nd month.

7th day of 3rd month:- PHO expected to have lodged their BAS for the previous month incorporating an amount of GST on any infrastructure charge levied during the 2nd month.

Drawings payment following lodgment of a quarterly BAS: PHO to deduct the GST net amount for the previous quarter from rights of private practice activities from drawings.

To align payments of the monthly infrastructure charge with those of the annual charge, and thereby ensuring that no income tax misalignment of fees collected and infrastructure charges arises for SMPs, PHOs should ensure that invoices raised for the month of June are dated 30 June.

Annual infrastructure charge arrangements

This timeline requires that the tax invoice being dated 30 June is observed. PHOs may use their discretion to vary the date in July that payment by an SMP, who accounts for GST using the accruals method, is required. This discretion is dependant on the date that they provide the tax invoice to the SMP, allowing sufficient time for BAS preparation and a fourteen day return of any refund from the ATO.

- Assumption:- The annual component of the infrastructure charge is invoiced but not paid prior to the end of the financial year (i.e. 30 June)
- 30th June:- PHO to close off books for the financial year.
- PHO to raise a tax invoice for the annual infrastructure charge. **This invoice must be raised with a date of 30 June;**
- 2 July PHO to provide the tax invoice to the SMP;
- PHO to withdraw 10/11th of GST inclusive annual infrastructure charge and pay to 1/11th to the General Fund and 9/11th to the No 2 account;
- 7th July:- PHO expected to have lodged their BAS for June incorporating an amount of 1/11th GST on the annual infrastructure charge.
- SMPs expected to have lodged their BAS for June quarter. If accounting on an accruals basis, then the SMP should include the annual infrastructure charge on that BAS.
- 21st July SMPs accounting on the accruals method for GST to have paid into the No 1 account an amount equivalent to 1/11th of the GST inclusive annual infrastructure charge and provide documentary evidence of this payment to the PHO;
- PHO to raise a debtor against an SMP's drawings, who were required to pay by 21st July, where no payment has been received. These amounts to be withdrawn from the next, and if necessary, subsequent drawings payments made;
- 21st October:- SMPs accounting on the cash method for GST to have paid into the No 1 Account an amount equivalent to 1/11th of the GST inclusive annual infrastructure charge and provide documentary evidence of this payment to the PHO;
- PHO to raise a debtor against an SMP's drawings, where no payment has been received. These amounts to be withdrawn from the next, and if necessary, subsequent drawings payments made;
- PHO to withdraw the outstanding amounts of infrastructure charges (equal to 1/11th of the invoiced amounts) and pay to the credit of the No 2 Account. (Note this may be withdrawn earlier or later, at the PHO's discretion, subject to availability of funds);

PHOs should note that these arrangements have been made to ensure that neither the PHO nor the SMP are adversely affected in cash flow terms by the imposition of the GST. The 30 June date on the tax invoice is imperative to the workings of these procedures. The different repayment date for SMPs who are still accounting for GST on the cash method is to reflect their inability to claim an input tax credit for the infrastructure charge at an earlier date.

Example 1 (c)

Assumptions: Gross Billing: \$100/month (no GST taxable activities)
 Infrastructure charge raised in the month after the billing period:
 - monthly 20% of Gross Billing plus GST (i.e. does not cover SMPs with a infrastructure charge level of 90% or more)
 - annual Balance of No 1 account plus GST
 Drawings: 70% of Receipts
 SMP Accounting Basis: **Accrual & Quarterly BAS lodgment**

Note: In working this example, due to complexities of adding in other taxation matters, no regard has been paid to PAYG or other GST liabilities outside rights of private practice. In reality, it is likely that every quarter, SMPs will receive their net GST credit by way of an offset to other tax liabilities, not a cash refund.

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
First Arrangement Begins					
2/8/00	PHO calculation of July Receipts	100.00	100.00		
	PHO calculation of July infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	80.00		
	PHO payment of July drawings to SMP	(70.00)	10.00		
7/8/00	PHO BAS lodgment.				
2/9/00	PHO calculation of August Receipts	100.00	110.00		
	PHO calculation of August infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	90.00		
	PHO payment of August drawings to SMP	(70.00)	20.00		
7/9/00	PHO BAS lodgment.				
2/10/00	PHO calculation	100.00	120.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	of September Receipts				
	PHO calculation of September infrastructure charge plus GST. Draw 10/11 th of total.	(20.00)	100.00		
	PHO payment of drawings to SMP	(70.00)	30.00		
7/10/00	PHO BAS lodgment without including GST paid on infrastructure charge for the period 1 July to 31 August which was paid in August and September.	0		0	
2/11/00	PHO calculation of October Receipts	100.00	130.00		
	PHO calculation of October infrastructure charge plus GST. Draw 10/11 th of total.	(20.00)	110.00		
	PHO payment of drawings to SMP with no deduction.	(70.00)	40.00		
3/11/00	Raise tax invoice for the infrastructure charges calculated between 1 July and 31 August, 2000 and an additional tax invoice for the month of September. Provide billing				

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	information for the period 1 July to 30 September and for the month of October				
7/11/00	PHO BAS lodgment including GST paid on infrastructure charge for the period 1 July to 31 August and for the month of September.	6.00		(6.00)	
11/11/00	SMP BAS lodgment for Sept quarter including ITC on infrastructure charge raised in September quarter for period July to August.	(4.00)			4.00
2/12/00	PHO calculation of November Receipts	100.00	140.00		
	PHO calculation of November infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	120.00		
	PHO payment of drawings to SMP less net GST refund from rights of private practice activities for the period 1 July to 31 August.	(66.00)	54.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for the	(4.00)	50.00	(2.00)	

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	period July to August.				
	Raise a tax invoice for the infrastructure charge for the month of October (raised in November) and provide billing information for November.				
Second Arrangement Begins					
7/12/00	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
2/1/00	PHO calculation of December Receipts	100.00	150.00		
	PHO calculation of December infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	130.00		
	PHO payment of drawings to SMP	(70.00)	60.00		
	Raise a tax invoice for the infrastructure charge for the month of November (raised in December) and provide billing information for December.				
7/1/01	SMP BAS lodgment including ITC on infrastructure charges raised in the December	(6.00)			10.00

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	quarter (ie September-November).				
	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(6.00)	
2/2/01	PHO calculation of January Receipts	100.00	160.00		
	PHO calculation of January infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	140.00		
	PHO payment of drawings to SMP less net GST refund from rights of private practice activities for December quarter	(64.00)	76.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge raised in the December quarter (i.e. charges for September–November)	(6.00)	70.00	0	
	Raise a tax invoice for the infrastructure charge for the month of December (raised in January) and provide billing information for January.				

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
7/2/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(2.00)	
2/3/01	PHO calculation of February Receipts	100.00	170.00		
	PHO calculation of February infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	150.00		
	PHO payment of drawings to SMP	(70.00)	80.00		
	Raise a tax invoice for the infrastructure charge for the month of January (raised in February) and provide billing information for February.				
7/3/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
2/4/01	PHO calculation of March Receipts	100.00	180.00		
	PHO calculation of March infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	160.00		
	PHO payment of drawings to SMP	(70.00)	90.00		
	Raise a tax invoice for the infrastructure				

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	charge for the month of February (raised in March) and provide billing information for March.				
7/4/01	SMP BAS lodgment including ITC on infrastructure charge for March quarter.	(6.00)			16.00
	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(6.00)	
2/5/01	PHO calculation of April Receipts	100.00	190.00		
	PHO calculation of April infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	170.00		
	PHO payment of drawings to SMP less net GST refund from rights of private practice activities for March quarter	(64.00)	106.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charges raised during the March quarter	(6.00)	100.00	0	
	Raise a tax invoice for the infrastructure charge for the month of March				

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	(raised in April) and provide billing information for April.				
7/5/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(2.00)	
2/6/01	PHO calculation of May Receipts	100.00	200.00		
	PHO calculation of May infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	180.00		
	PHO payment of drawings to SMP	(70.00)	110.00		
	Raise a tax invoice for the infrastructure charge for the month of April (raised in May) and provide billing information for May.				
7/6/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
30/6/01	PHO calculation of remainder of infrastructure charge (i.e. balance of No 1 Account) plus GST. PHO raises a tax invoice dated 30 June.				
2/7/01	PHO calculation of June Receipts	100.00	210.00		
	PHO calculation	(20.00)	190.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	of June infrastructure charge plus GST. Draw 10/11 th of total				
	PHO payment of drawings to SMP	(70.00)	120.00		
	Raise a tax invoice for the infrastructure charge for the month of May (raised in June) and provide billing information for June.				
	PHO withdraws annual infrastructure charge from No 1 Account and pays in accordance with procedures. PHO provides a copy of the tax invoice to the SMP	120.00	0	8.00	
7/7/01	SMP BAS lodgment including ITC on infrastructure charges raised during the June quarter and for the annual infrastructure charge.	(18.00)			34.00
	PHO BAS lodgment including GST paid on monthly and annual components of the infrastructure charge.	14.00		(6.00)	
21/7/01	SMP accounting for GST on	12.00	12.00		22.00

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	accruals method pays an amount equivalent to the ITC on annual infrastructure charge into No 1 Account				
	PHO draws remaining 1/11 th of annual component of infrastructure charge (paid to No 2 account)	(12.00)	0		
2/8/01	PHO deduction from SMP of net GST refund from rights of private practice activities for June quarter	6.00	6.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge raised during the June quarter.	(6.00)	0	0	
7/8/01	PHO BAS lodgment including GST paid on monthly components of the infrastructure charge.	2.00		(2.00)	
7/10/01	SMP BAS lodgment including ITC for June infrastructure charges raised in July	2.00			24.00
2/11/01	PHO deduction from SMP of net GST refund from rights of private practice activities	2.00	2.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	for June				
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for June raised in July.	(2.00)	0	0	

Example 1 (d)

Assumptions: Gross Billing: \$100/month (no GST taxable activities)
 Infrastructure charge raised in the month after the billing period:
 - monthly 20% of Gross Billing plus GST (i.e. does not cover SMPs with a infrastructure charge level of 90% or more)
 - annual Balance of No 1 account plus GST
 Drawings: 70% of Receipts
 SMP Accounting Basis: **Cash & Quarterly BAS lodgment**

Note: In working this example, due to complexities of adding in other taxation matters, no regard has been paid to PAYG or other GST liabilities outside rights of private practice. In reality, it is likely that every quarter, SMPs will receive their net GST credit by way of an offset to other tax liabilities, not a cash refund.

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
First Arrangement Begins					
2/8/00	PHO calculation of July Receipts	100.00	100.00		
	PHO calculation of July infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	80.00		
	PHO payment of July drawings to SMP	(70.00)	10.00		
7/8/00	PHO BAS lodgment.				
2/9/00	PHO calculation of August Receipts	100.00	110.00		
	PHO calculation of August infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	90.00		
	PHO payment of August drawings to SMP	(70.00)	20.00		
7/9/00	PHO BAS lodgment.				
2/10/00	PHO calculation of September Receipts	100.00	120.00		
	PHO calculation of September infrastructure charge plus GST. Draw 10/11 th of total.	(20.00)	100.00		
	PHO payment of drawings to SMP	(70.00)	30.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
7/10/00	PHO BAS lodgment without including GST paid on infrastructure charge for the period 1 July to 31 August which was paid in August and September.	0		0	
2/11/00	PHO calculation of October Receipts	100.00	130.00		
	PHO calculation of October infrastructure charge plus GST. Draw 10/11 th of total.	(20.00)	110.00		
	PHO payment of drawings to SMP with no deduction.	(70.00)	40.00		
3/11/00	Raise tax invoice for the infrastructure charges calculated between 1 July and 31 August, 2000 and an additional tax invoice for the month of September. Provide billing information for the period 1 July to 30 September and for the month of October				
7/11/00	PHO BAS lodgment including GST paid on infrastructure charge for the period 1 July to 31 August and for the month of September.	6.00		(6.00)	
11/11/00	SMP BAS lodgment for Sept quarter including ITC on infrastructure charge raised in September quarter for period July to August.(note as only 10/11 th of the charge has been	(3.64)			3.64

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	paid, only 10/11 th of the ITC is available)				
2/12/00	PHO calculation of November Receipts	100.00	140.00		
	PHO calculation of November infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	120.00		
	PHO payment of drawings to SMP less net GST refund from rights of private practice activities for the period 1 July to 31 August.	(66.00)	54.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for the period July to August.	(4.00)	50.00	(2.00)	
	Raise a tax invoice for the infrastructure charge for the month of October (raised in November) and provide billing information for November.				
Second Arrangement Begins					
7/12/00	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
2/1/00	PHO calculation of December Receipts	100.00	150.00		
	PHO calculation of December infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	130.00		
	PHO payment of drawings to SMP	(70.00)	60.00		
	Raise a tax invoice				

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	for the infrastructure charge for the month of November (raised in December) and provide billing information for December.				
7/1/01	SMP BAS lodgment including ITC on infrastructure charges raised in the December quarter (ie September-November)(note includes 1/11 th of the final 1/11 th payment of infrastructure charges for July and August but does include the final 1/11 th for the December quarter).	(5.82)			9.46
	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(6.00)	
2/2/01	PHO calculation of January Receipts	100.00	160.00		
	PHO calculation of January infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	140.00		
	PHO payment of drawings to SMP less net GST refund from rights of private practice activities for December quarter	(64.00)	76.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge raised in the December quarter (i.e. charges for September–	(6.00)	70.00	0	

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	November)				
	Raise a tax invoice for the infrastructure charge for the month of December (raised in January) and provide billing information for January.				
7/2/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(2.00)	
2/3/01	PHO calculation of February Receipts	100.00	170.00		
	PHO calculation of February infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	150.00		
	PHO payment of drawings to SMP	(70.00)	80.00		
	Raise a tax invoice for the infrastructure charge for the month of January (raised in February) and provide billing information for February.				
7/3/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
2/4/01	PHO calculation of March Receipts	100.00	180.00		
	PHO calculation of March infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	160.00		
	PHO payment of drawings to SMP	(70.00)	90.00		
	Raise a tax invoice for the infrastructure charge for the month of February (raised in				

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	March) and provide billing information for March.				
7/4/01	SMP BAS lodgment including ITC on infrastructure charge for March quarter (note includes 1/11 th of the final 1/11 th payment of infrastructure charges for December quarter but does not include the final 1/11 th payment for the March quarter).	(6.00)			15.46
	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(6.00)	
2/5/01	PHO calculation of April Receipts	100.00	190.00		
	PHO calculation of April infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	170.00		
	PHO payment of drawings to SMP less net GST refund from rights of private practice activities for March quarter	(64.00)	106.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charges raised during the March quarter	(6.00)	100.00	0	
	Raise a tax invoice for the infrastructure charge for the month of March (raised in April) and provide billing information for April.				
7/5/01	PHO BAS lodgment	2.00		(2.00)	

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	including GST paid on infrastructure charge.				
2/6/01	PHO calculation of May Receipts	100.00	200.00		
	PHO calculation of May infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	180.00		
	PHO payment of drawings to SMP	(70.00)	110.00		
	Raise a tax invoice for the infrastructure charge for the month of April (raised in May) and provide billing information for May.				
7/6/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
30/6/01	PHO calculation of remainder of infrastructure charge (i.e. balance of No 1 Account) plus GST. PHO raises a tax invoice dated 30 June.				
2/7/01	PHO calculation of June Receipts	100.00	210.00		
	PHO calculation of June infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	190.00		
	PHO payment of drawings to SMP	(70.00)	120.00		
	Raise a tax invoice for the infrastructure charge for the month of May (raised in June) and provide billing information for June.				
	PHO withdraws	120.00	0	8.00	

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	annual infrastructure charge from No 1 Account and pays in accordance with procedures. PHO provides a copy of the tax invoice to the SMP				
7/7/01	SMP BAS lodgment including ITC on infrastructure charges raised during the June quarter (note includes 1/11 th of the final 1/11 th payment of infrastructure charges for March quarter but does not include the final 1/11 th payment for the June quarter).	(6.00)			21.46
	PHO BAS lodgment including GST paid on monthly and annual components of the infrastructure charge.	14.00		(6.00)	
2/8/01	PHO deduction from SMP of net GST refund from rights of private practice activities for June quarter	6.00	126.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge raised during the June quarter.	(6.00)	120.00	0	
7/8/01	PHO BAS lodgment including GST paid on monthly components of the infrastructure charge.	2.00		(2.00)	
7/10/01	SMP BAS lodgment including ITC for	13.27			34.73

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	annual component of infrastructure charge and June infrastructure charges raised/paid in July (note includes 1/11 th of the final 1/11 th payment of infrastructure charges for June quarter but does not include the final 1/11 th payment for the month of June or the annual component).				
21/10/01	SMP pays an amount equivalent to the ITC on annual infrastructure charge into No 1 Account	12.00	12.00		22.73
21/10/01	PHO draws remaining 1/11 th of annual component of infrastructure charge and pays to No 2 Account	(12.00)	0	(2.00)	
2/11/01	PHO deduction from SMP of net GST refund from rights of private practice activities for June	2.00	2.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for June raised in July.	(2.00)	0	0	
7/1/02	SMP BAS lodgment including ITC of 1/11 th of the final 1/11 th payment of the infrastructure charges for June and annual component made in July – not claimable in previous BAS	1.27			24.00

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	under cash accounting rules				

Level 2-5 SMPs who ARE in a private practice partnership with an infrastructure charge of less than 90%

Practical Procedures & Obligations

Note that, references in this procedural document to SMPs should be read as pertaining to the SMPs appropriately registered private practice partnership.

PHO Obligations

PHOs are obliged to do the following:-

- Invoice patients (or other recipients of the supply) on an SMP's behalf. However, the PHO will only issue a tax invoice on behalf of the SMP (quoting the ABN of the PHO, as agent) in the event that a supply is GST taxable and the patient or other recipient requests one. Copies of such tax invoices for any taxable supplies are to be provided to the relevant SMP;
- Ensure that payments for services rendered by SMPs are deposited in a separately identifiable account administered by the PHO (this account is referred to as the No 1 Account throughout this document);
- Issue a compliant tax invoice for the monthly component of the infrastructure charge to SMPs following close of books for that month;
- Issue cash statements of transactions on the No 1 Account to all SMPs (not only those who account for GST on a cash basis) following close of books for that month (refer to the sample tax invoice and supporting financial information annexed to this Procedures Document);
- Issue a statement of gross billings to the SMP private practice partnership following close of books for that month. Where SMPs are members of a group (e.g. approved pathology provider arrangements), PHO will undertake to issue patient invoices and provide gross billing statement information for any partnership which is a member of this group (Note such groups will not necessarily comprise the same membership as a particular private practice partnership). Where this is currently not possible, PHO will generally undertake to make arrangements to move to a system capable of tracking this information, in the event that such information can be tracked.
- Notwithstanding the above, in the following circumstances, PHOs should provide gross billing information on partnership allocation of gross billings based on the proportion of private practice partnership drawings to total group drawings. These circumstances are:-
 - where individual billing information is not available; or
 - as an interim measure for PHOs moving to individual billings information;
- Not draw the infrastructure charge from the No.1 Account prior to the issue of the tax invoice where the PHO closes their books prior to the end of a month. Where the PHO closes their books at the end of month (1st month) and does not impose an infrastructure

charge until the following month (2nd month), the infrastructure charge may be drawn prior to the issue of a tax invoice, provided that the tax invoice, with accompanying billing information for the 2nd month is presented to the SMP no later than two (2) days after the end of the month in which the charge was raised (i.e. in the 3rd month). (Note as the infrastructure charge has been paid in the 2nd month, provided the tax invoice is received prior to lodgment of a BAS in the 3rd month the SMP can include infrastructure charges raised in the 2nd month in their BAS which may be lodged in the 3rd month;

- The first 1/11th of the annual component of the infrastructure charge will be paid from the No 1 account to the PHOs General Fund. The remaining 10/11th of the annual component of the infrastructure charge is to be paid into a separately identifiable PHO account (referred to through this procedural document as the No 2 Account) in two instalments (9/11th and 1/11th respectively), in accordance with the timeline dates outlined later in this procedures document and subject to availability of funds in the No 1 Account. These amounts will not be paid into any other accounts;
- In relation to annual components of the infrastructure charge, if a SMP does not pay an amount equivalent to 1/11th of the annual component by the 21st day of the month following the month in which a tax invoice was issued for the annual component, or such other day as is agreed in accordance with the timeline dates outlined later in this procedures document, then subsequent drawings payments may be reduced, as required, to return this amount to the No 1 Account.
- Issue a compliant tax invoice dated 30 June, for the annual component of the infrastructure charge to SMPs following the close of books at the end of the financial year;
- Only draw out of the No 1 Account, an amount equal to 10/11th of the GST inclusive infrastructure charge (whether on a monthly or annual basis) on the day the tax invoice is raised, or the day on which the charge is calculated for PHOs who raise an infrastructure charge after the end of month (subject to the provisions outlined in the timelines, which appear later in this document, for the annual component of the charge). The additional 1/11th will be drawn on the last day of the month in which a quarterly BAS was due for lodgment. However, where sufficient funds are available, the additional 1/11th may be drawn prior to the last day of the month in which a quarterly BAS was due for lodgment (i.e. on any day on or after the day on which the 10/11th of the infrastructure charge is drawn provided that the No 1 Account has sufficient funds to pay that amount);
- In relation to monthly components of the infrastructure charge, if the private practice partnership has not paid an amount equal to their net GST credit from rights of private practice activity into the No 1 Account by the 21st day of the month in which a quarterly BAS is required to be lodged then subsequent drawings payments made to the SMP members of the partnership, on a pro-rated basis, may be reduced as required to return this amount to the No 1 Account. This amount will then be transferred to the PHO General Account, in the event that the PHO has not already drawn the full 11/11th of the infrastructure charge;
- In the event that partners drawings have been reduced and the GST net amount is paid into the No 1 Account at a later date, the PHO will increase the next drawings payment to the partners by the amounts deducted.

- Meet any approved SMP Professional Development expenditure (TESL). Other than in those circumstances where allowances are paid to SMPs (including per diems), TESL is the hospital's expenditure, for which the PHO may be entitled to an input tax credit. TESL will only ever be paid from the No 2 Account. The private practice partnership may be entitled to an input tax credit for any GST taxable expenses met by member SMPs from the allowances received. Note, this paragraph is not intended to change the scope of TESL from that which is already provided;
- Ensure payment of drawings to SMPs who have elected Levels 2, 3 or 4 at an agreed minimum level per month. This practice is known as supplementation. If receipts do not allow for this level of drawings, the PHO will reduce infrastructure charges for that month, and previous months if necessary, to provide drawings to the SMP to that level. Where this results in an "adjustment event" for GST purposes, the PHO will raise an adjustment note and provide it to the SMP as required, either on a monthly or an annual basis. (Note, changes to infrastructure charge levels in the same month do not give rise to an adjustment event, therefore, where only the current month's infrastructure charge is adjusted, no adjustment note is required unless a tax invoice for the full infrastructure charge has been provided to the SMP). Note, the operation of this paragraph is not intended to change the scope of supplementation from that which currently exists.
- Where a partnership deposits an amount greater than the calculated GST net credit. The additional amount will be refunded to the partners in addition to the next drawings payment made, provided that seven (7) days notice has been provided to the PHO of the distribution details of the amount. Where seven days notice is not provided, then the choice of repayment with current drawings or deferment of refund to following drawings payment will be discretionary on the PHO.

SMP Obligations

SMPs are obliged to do the following:-

- Advise the PHO, with effect from 1 July, 2000 or any other effective date, that they are registered, or have applied to be registered, for GST as a private practice partnership. Also, to advise if, at any time they cease to hold that registration during such time as they conduct rights of private practice in a NSW PHO;
- Advise the PHO of the details of the private practice partnership of which they are a member. Such details are as follows: the ABN (where available), the name and address for inclusion on tax invoices, the members of the private practice partnership, and their chosen method of GST accounting (i.e. accrual or cash). In the event of any change to the ABN, the SMP will advise the PHO of that change within seven (7) days of that change occurring or advice from the ATO being received that the change has occurred;
- Repay an amount equivalent to any net GST credit, referable to private practice activity (GST on taxable medical services less input tax credits on infrastructure charges) into the No 1 Account . To effect this, the partnership will repay these amounts, on a quarterly basis, by the 21st day of the month in which a quarterly BAS is required to be lodged. This date applies regardless of whether the partnership is lodging on a monthly or

quarterly basis. If this amount is not received by the 21st day of the month then subsequent drawings payments may be reduced as required, to return this amount to the No 1 Account. These amounts will then be transferred to the PHO General Account, in the event that the PHO has not already drawn the full 11/11th of the infrastructure charge.

Note, where the SMP has advised the PHO that they account for GST on the cash accounting method but will be moving to accruals from the quarter commencing 1 October, then for the **first quarter only**, the GST net amount will be calculated as being the cash accounting net amount, where the PHO has not drawn the full 11/11th of the infrastructure charges raised during the months of July to September. Where this is the case, drawings will only be reduced by the cash amount with the remainder of the accruals based net amount being recovered from January drawings. Additionally, for the **first quarter only**, where PHOs have sufficient funds to draw the final 1/11th of the infrastructure charge, where a partnership has not been able to obtain their GST registration and complete BAS lodgment prior to the 11 November deadline, drawings will not be reduced until one month after they would otherwise have been reduced under this obligation;

- In relation to annual components of the infrastructure charge, the SMP will pay into the No 1 Account an amount equivalent to 1/11th of the annual component by the 21st day of the month following the month in which a tax invoice was issued for the annual component of the infrastructure charge or such other date as is nominated by the PHO in the event that the annual component is invoiced but not paid in June. If the payment is not received by the 21st day of the month, then subsequent drawings of the members of the private practice partnership will be reduced, on a pro-rated basis, in that month and successive months, as required, to return this amount to the No 1 Account. These amounts will then be transferred to the No 2 Account, in the event that the PHO has not already drawn the full 11/11th of the infrastructure charge;
- Where the partnership has included creditable acquisitions on its BAS other than those used to calculate the net GST credit for the purposes of this procedure, the partnership may deposit an amount greater than that owed to the No 1 Account. Where this is the case, the Partnership must provide details of the additional payment to the PHO together with details of the distribution of repayment of these funds to the partners seven (7) days prior to a drawings distribution. Where seven days notice is not provided, then the choice of repayment with current drawings or deferment of refund to following drawings payment will be discretionary on the PHO.

Practical Implementation of GST for PHOs who Levy the Infrastructure Charge in the Billing Month

This part of the procedure should be used by PHOs who close their books on or before the last day of a month and who calculate, invoice and withdraw infrastructure charges on or before the last day of the billing month.

GST has been in place since 1 July so it is necessary to institute an initial set of procedures (described as the First Arrangement below) as well as ongoing procedures to apply going forward (described as the Second Arrangement below).

These arrangements are described below in timeline format. In addition, a fully worked example where the partnership is accounting for GST on accruals basis is provided at example 2a.

First Arrangement (July, 2000 – October, 2000)

For ease of understanding, tasks have been set out in a timeline. Note the dates included are the latest possible date for each action/transaction to occur.

Assumptions

- The private practice partnership is registered from, or with effect from, 1 July.
- PHO will raise a tax invoice for the infrastructure charge for the period July to September and then move to monthly tax invoices from October.
- The monthly component of the infrastructure charge is calculated, invoiced and paid in the month it occurs.
- Quarterly BAS period dates are assumed to end on each of 30 September, 31 December, 31 March, 30 June.

PHO assumed to be following the interim procedures set out in 27 July and 1 August instructions from the Department.

1 July:-	Private practice partnership registered for GST (or registrations to be effective from 1 July);
30 September:-	PHO to withdraw 10/11 th of GST inclusive infrastructure charge for September from No 1 Account;
7 October:-	PHO to have lodged their September BAS without incorporating an amount of GST on the infrastructure charge raised for the period 1 July to 30 September, 2000;
31 October:-	All SMPs to have notified PHO of private practice partnership GST registration details including ABN (where available), name and address for billing purposes, membership of the partnership, and their GST accounting method; PHO to withdraw 10/11 th of GST inclusive infrastructure charge for the month of October from No 1 Account;
3 November:-	PHO to raise a tax invoice for an infrastructure charge for the period 1 July to 30 September, 2000; PHO to provide the tax invoice to the partnership together with copies of any tax invoices issued on the partnership's behalf, for taxable supplies for the period 1 July to 30 September, 2000; PHO to raise a tax invoice for the infrastructure charge for the month of October;

PHO to provide the tax invoice to the partnership together with copies of any tax invoices issued on the partnerships behalf, for taxable supplies in the month of October;

- 7 November:- PHO to have lodged their October BAS incorporating an amount of GST on the infrastructure charge raised for the period 1 July to 30 September and the month of October.
- 11 November:- Private practice partnership to have lodged their BAS for the quarter ended 30 September (note this is the last possible date for lodgment unless a specific extension has been received from the Australian Taxation Office e.g. through tax agents);
- 27 November:- SMPs to have paid an amount, equal to the net GST credit from rights of private practice activity for the quarter ended 30 September, into the No 1 Account.
- PHO to withdraw from the No 1 Account the outstanding amounts of infrastructure charges (equal to 1/11th of the invoiced amounts) for the period 1 July to 30 September. (Note this may be withdrawn earlier, at the PHO's discretion, subject to availability of funds).

Second Arrangement (ongoing from November 2000 billings)

Note, the days nominated are expected to be the last day on which a task would be carried out and may happen earlier.

Last day of billing month:- PHO to raise a tax invoice for an infrastructure charge for the month.

PHO to provide the tax invoice to the SMP together with copies of any tax invoices issued on the SMPs behalf, for taxable supplies for the month.

PHO to withdraw 10/11th of GST inclusive infrastructure charge.

7th day of following month:-PHO expected to have lodged their BAS for the previous month incorporating an amount of GST on the infrastructure charge raised for that month.

7th day of month following end of a quarterly BAS period: Partnership expected to have lodged their BAS for the previous quarter. (Note this is the last day for lodgment if the partnership is to have the refund back prior to the date of repayment into the No 1 Account).

21st day of month following end of a quarterly BAS period: Partnership to have paid an amount equivalent to the GST net amount for the previous quarter from rights of private practice activities from refunds received from the ATO.

Annual infrastructure charge arrangements

Note: where the annual infrastructure charge is not to be raised prior to, or on the last day of the financial year, then the PHO should refer to the arrangements outlined for PHOs who close their books on or after the end of the financial year.

Last day of financial year:- PHO to raise a tax invoice for the annual infrastructure charge;

PHO to provide the tax invoice to the partnership;

PHO to withdraw 10/11th of GST inclusive annual infrastructure charge;

7th day of following month:-PHO expected to have lodged their BAS for the previous month incorporating an amount of GST on the annual infrastructure charge.

21st day of following month:-Partnership to have paid into the No 1 Account an amount equivalent to 1/11th of the GST inclusive annual infrastructure charge and provide documentary evidence of this payment to the PHO;

PHO to raise a debtor against an Partner's drawings, where no payment has been received. These amounts to be withdrawn from the next, and if necessary, subsequent drawings payments made;

PHO to withdraw the outstanding amounts of infrastructure charges (equal to 1/11th of the invoiced amounts). (Note this may be withdrawn earlier or later, at the PHO's discretion, subject to availability of funds);

Example 2(a)

Assumptions: Gross Billing: \$100/month (no GST taxable activities)
 Infrastructure charge raised in the same month as the billing period:
 - monthly 20% of Gross Billing plus GST (i.e. does not cover
 SMPs with a infrastructure charge level of 90% or
 more)
 - annual Balance of No 1 account plus GST
 Drawings: 70% of Receipts
 SMP Accounting Basis: **Accrual & Quarterly BAS lodgment**

Note: Private practice partnerships should not have an effect from taxation matters outside the GST, therefore, their credit from the ATO should equal the amount owed to the No 1 Account for rights of private practice activity.

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
First Arrangement Begins					
31/7/00	PHO calculation of July Receipts	100.00	100.00		
	PHO calculation of July infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	80.00		
	PHO payment of July drawings to Partnership	(70.00)	10.00		
7/8/00	PHO BAS lodgment.				
31/8/00	PHO calculation of August Receipts	100.00	110.00		
	PHO calculation of August infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	90.00		
	PHO payment of August drawings to Partnership	(70.00)	20.00		
7/9/00	PHO BAS lodgment.				
30/9/00	PHO calculation of September Receipts	100.00	120.00		
	PHO calculation of	(20.00)	100.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	September infrastructure charge plus GST. Draw 10/11 th of total.				
	PHO payment of drawings to Partnership	(70.00)	30.00		
7/10/00	PHO BAS lodgment without including GST paid on infrastructure charge for the period 1 July to 30 September.	0		0	
31/10/00	PHO calculation of October Receipts	100.00	130.00		
	PHO calculation of October infrastructure charge plus GST. Raise a tax invoice for the month of October. Draw 10/11 th of total. Raise a tax invoice for the infrastructure charges calculated between 1 July and 30 September, 2000.	(20.00)	110.00		
	PHO payment of drawings to Partnership	(70.00)	40.00		
7/11/00	PHO BAS lodgment including GST paid on infrastructure charge for the period 1 July to 30 September and for the month of October.	8.00		(8.00)	
11/11/00	Partnership BAS lodgment for Sept quarter including	(6.00)			6.00

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	ITC on infrastructure charge for period July to Sept.				
27/11/00	Partnership payment of GST net credit for September quarter to No 1 Account	6.00	46.00		0
30/11/00	PHO calculation of November Receipts	100.00	146.00		
	PHO calculation of November infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	126.00		
	PHO payment of drawings to Partnership	(70.00)	56.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for the period July to September.	(6.00)	50.00	(2.00)	
Second Arrangement Begins					
7/12/00	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
31/12/00	PHO calculation of December Receipts	100.00	150.00		
	PHO calculation of December infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	130.00		
	PHO payment of	(70.00)	60.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	drawings to Partnership				
7/1/01	Partnership BAS lodgment including ITC on infrastructure charge for December quarter.	(6.00)			6.00
	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(6.00)	
21/1/01	Partnership payment of GST net credit for December quarter to No 1 Account	6.00	66.00		0
31/1/01	PHO calculation of January Receipts	100.00	166.00		
	PHO calculation of January infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	146.00		
	PHO payment of drawings to partnership	(70.00)	76.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for December	(6.00)	70.00	0	
7/2/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(2.00)	
28/2/01	PHO calculation of February Receipts	100.00	170.00		
	PHO calculation of February infrastructure	(20.00)	150.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	charge plus GST. Raise a tax invoice. Draw 10/11 th of total				
	PHO payment of drawings to Partnership	(70.00)	80.00		
7/3/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
31/3/01	PHO calculation of March Receipts	100.00	180.00		
	PHO calculation of March infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	160.00		
	PHO payment of drawings to Partnership	(70.00)	90.00		
7/4/01	Partnership BAS lodgment including ITC on infrastructure charge for March quarter.	(6.00)			6.00
	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(6.00)	
21/4/01	Partnership payment of GST net credit for the quarter ended April to No 1 Account	6.00	96.00		0
30/4/01	PHO calculation of April Receipts	100.00	196.00		
	PHO calculation of April infrastructure charge plus GST. Raise a tax invoice. Draw	(20.00)	176.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	10/11 th of total				
	PHO payment of drawings to Partnership	(70.00)	106.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for March quarter	(6.00)	100.00	0	
7/5/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(2.00)	
31/5/01	PHO calculation of May Receipts	100.00	200.00		
	PHO calculation of May infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	180.00		
	PHO payment of drawings to Partnership	(70.00)	110.00		
7/6/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
30/6/01	PHO calculation of June Receipts	100.00	210.00		
	PHO calculation of June infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	190.00		
	PHO payment of drawings to Partnership	(70.00)	120.00		
	PHO calculation of remainder of infrastructure	(120.00)	0.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	charge (i.e. balance of No 1 Account) plus GST. Raise a tax invoice. Draw 10/11 th of total				
7/7/01	Partnership BAS lodgment including ITC on infrastructure charges for June quarter and year end.	(18.00)			18.00
	PHO BAS lodgment including GST paid on infrastructure charge.	14.00		(18.00)	
21/7/01	Partnership pays an amount equivalent to the ITC on annual infrastructure charge into No 1 Account	12.00	12.00		6.00
	Partnership payment of GST net credit for the June quarter to No 1 Account	6.00	18.00		0
31/7/01	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for June quarter and annual component.	(18.00)	0	0	

Practical Implementation of GST for PHOs who Levy the Infrastructure Charge in the month after the Billing Month

This part of the procedure should be used by PHOs who close their books on or after the last day of a month and who calculate, invoice and withdraw infrastructure charges in the month following the billing month

GST has been in place since 1 July so it is necessary to institute an initial set of procedures

(described as the First Arrangement below) as well as ongoing procedures to apply going forward (described as the Second Arrangement below).

These arrangements are described below in timeline format. In addition, a fully worked example where the private practice partnership is accounting for GST on accruals basis (example 2b) is provided.

First Arrangement (July, 2000 – October, 2000)

For ease of understanding, tasks have been set out in a timeline. Note the dates included are the latest possible date for each action/transaction to occur. The second day of the following month has been used as the date for payment of the infrastructure charge only for ease of understanding as this is the day on which a tax invoice and financial information is provided. This does not necessarily reflect the date on which this amount is actually paid.

Assumptions

- The private practice partnership is registered from, or with effect from, 1 July.
- PHO will raise a tax invoice for the infrastructure charge for the period July to August and then move to monthly tax invoices from September.
- The monthly component of the infrastructure charge is invoiced and paid in the month after the billing month (with the exception of the month of June, where the invoice should be dated 30 June).
- Quarterly BAS period dates are assumed to end on each of 30 September, 31 December, 31 March, 30 June.
- The PHO is assumed to be following the interim procedures set out in 27 July and 1 August instructions from the Department..

1 July:-	Private practice partnership registered for GST (or registrations to be effective from 1 July);
2 July:-	PHO to withdraw the June infrastructure charge with no GST applicable;
2 August:-	PHO to withdraw 10/11 th of GST inclusive infrastructure charge for the month of July from No 1 Account;
2 September:-	PHO to withdraw 10/11 th of GST inclusive infrastructure charge for the month of August from No 1 Account;
2 October:-	PHO to withdraw 10/11 th of GST inclusive infrastructure charge for the month of September from No 1 Account;
7 October:-	PHO to have lodged their September BAS without incorporating an amount of GST on the infrastructure charges raised for the period 1 July to 31 August, 2000;
31 October:-	All SMPs to have notified PHO of private practice partnership GST registration details including ABN (where available), name and

address for billing purposes, membership of the partnership, and their GST accounting method;

3 November:-

PHO to raise a tax invoice for an infrastructure charge for the period 1 July to 31 August, 2000 (Note there is a requirement for the PHO to provide transaction information to 30 September while the tax invoice is only to 31 August);

PHO to provide the tax invoice to the partnership together with copies of any tax invoices issued on the partnership's behalf, for taxable supplies for the period 1 July to 30 September, 2000;

PHO to raise a tax invoice for the infrastructure charge for the month of September (Note there is a requirement for the PHO to provide transaction information for October while the tax invoice is for September);

PHO to provide the tax invoice to the partnership together with copies of any tax invoices issued on the partnership's behalf, for taxable supplies in the month of October;

7 November:-

PHO to have lodged their October BAS incorporating an amount of GST on the infrastructure charge raised for the period 1 July to 31 August and the month of September.

11 November:-

Private practice partnerships to have lodged their BAS for the quarter ended 30 September (note, this is generally the last possible date for lodgment unless a specific extension has been received from the Australian Taxation Office e.g. through tax agents). This BAS should include infrastructure charges raised for July and August and billing information for the period 1 July to 30 September;

27 November:-

SMPs to have paid an amount, equal to the net GST credit from rights of private practice activity for the quarter ended 30 September, into the No 1 Account.

PHO to withdraw from the No 1 Account the outstanding amounts of infrastructure charges (equal to 1/11th of the invoiced amounts) for the period 1 July to 31 August. (Note this may be withdrawn earlier, at the PHO's discretion, subject to availability of funds).

Second Arrangement (ongoing from November 2000 billings)

Note, the days nominated are expected to be the last day on which a task would be carried out and may happen earlier.

Last day of billing month:- PHO to close off month in ledgers.

2nd day of following month:- PHO to withdraw 10/11th of GST inclusive
(i.e. the 2nd month) infrastructure charge calculated for the billing month.

2nd day of 3rd month:- PHO to raise a tax invoice for the infrastructure charge raised during the 2nd month. PHOs should note that there is a requirement for the PHO to provide transaction information for the 2nd month while the tax invoice is only for any infrastructure charges levied during the 2nd month (ie the charge calculated on the billing month on the 2nd day of the 2nd month). As the infrastructure charge has been paid in the 2nd month, provided the tax invoice is received prior to lodgment of a BAS in the 3rd month the partnership can include the infrastructure charges levied in the 2nd month in their BAS for the 2nd month, lodged in the 3rd month;

PHO to provide the tax invoice to the partnership together with copies of any tax invoices issued on the partnership's behalf, for taxable supplies during the 2nd month.

7th day of the 3rd month:- PHO expected to have lodged their BAS for the previous month incorporating an amount of GST on any infrastructure charge levied during the 2nd month.

7th day of month following end of a quarterly BAS period: Partnership expected to have lodged their BAS for the previous quarter. (Note this is the last day for lodgment if the partnership is to have the refund back prior to the date of repayment into the No 1 Account).

21st day of month following end of a quarterly BAS period: Partnership to have paid an amount equivalent to the GST net amount for the previous quarter from rights of private practice activities from refunds received from the ATO.

PHO to withdraw the outstanding amounts of infrastructure charges (equal to 1/11th of the invoiced amounts). (Note this may be withdrawn earlier or later at the PHO's discretion, subject to availability of funds).

To align payments of the monthly infrastructure charge with those of the annual charge, and thereby ensuring that no income tax misalignment of fees collected and infrastructure charges arises for SMPs, PHOs should ensure that invoices raised for the month of June are dated 30 June.

Annual infrastructure charge arrangements

This timeline requires that the tax invoice being dated 30 June is observed. PHOs may use their discretion to vary the date in July that payment by an SMP, who accounts for GST using the accruals method, is required. This discretion is dependant on the date that they provide the tax invoice to the SMP, allowing sufficient time for BAS preparation and a fourteen day return of any refund from the ATO.

- Assumption:- The annual component of the infrastructure charge is invoiced but not paid prior to the end of the financial year (i.e. 30 June)
- 30th June:- PHO to close off books for the financial year.
- PHO to raise a tax invoice for the annual infrastructure charge. **This invoice must be raised with a date of 30 June;**
- 2 July PHO to provide the tax invoice to the SMP;
- PHO to withdraw 10/11th of GST inclusive annual infrastructure charge and pay 1/11th to the General Fund and 9/11th to the No 2 account;
- 7th July:- PHO expected to have lodged their BAS for June incorporating an amount of 1/11th GST on the annual infrastructure charge.
- Partnership expected to have lodged its BAS for June quarter. If accounting on an accruals basis, then the SMP should include the annual infrastructure charge on that BAS.
- 21st July SMPs accounting on the accruals method for GST to have paid into the No 1 account an amount equivalent to 1/11th of the GST inclusive annual infrastructure charge and provide documentary evidence of this payment to the PHO;
- PHO to raise a debtor against an SMP's drawings, who were required to pay by 21st July, where no payment has been received. These amounts to be withdrawn from the next, and if necessary, subsequent drawings payments made;
- 21st October:- SMPs accounting on the cash method for GST to have paid into the No 1 Account an amount equivalent to 1/11th of the GST inclusive annual infrastructure charge and provide documentary evidence of this payment to the PHO;
- PHO to raise a debtor against an SMP's drawings, where no payment has been received. These amounts to be withdrawn from the next, and if necessary, subsequent drawings payments made;
- PHO to withdraw the outstanding amounts of infrastructure charges (equal to 1/11th of the invoiced amounts) and pay to the credit of the No 2 Account. (Note this may be withdrawn earlier or later, at the PHO's discretion, subject to availability of funds);

PHOs should note that these arrangements have been made to ensure that neither the PHO nor the SMP are adversely affected in cash flow terms by the imposition of the GST. The 30 June date on the tax invoice is imperative to the workings of these procedures. The different repayment date for SMPs who are still accounting for GST on the cash method is to reflect their inability to claim an input tax credit for the infrastructure charge at an earlier date.

Example 2(b)

Assumptions: Gross Billing: \$100/month (no GST taxable activities)
 Infrastructure charge raised in the month after the billing period:
 - monthly 20% of Gross Billing plus GST (i.e. does not cover SMPs with a infrastructure charge level of 90% or more)
 - annual Balance of No 1 account plus GST
 Drawings: 70% of Receipts
 SMP Accounting Basis: **Accrual & Quarterly BAS lodgment**

Note: In working this example, due to complexities of adding in other taxation matters, no regard has been paid to PAYG or other GST liabilities outside rights of private practice. In reality, it is likely that every quarter, SMPs will receive their net GST credit by way of an offset to other tax liabilities, not a cash refund.

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
First Arrangement Begins					
2/8/00	PHO calculation of July Receipts	100.00	100.00		
	PHO calculation of July infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	80.00		
	PHO payment of July drawings to partnership	(70.00)	10.00		
7/8/00	PHO BAS lodgment.				
2/9/00	PHO calculation of August Receipts	100.00	110.00		
	PHO calculation of August infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	90.00		
	PHO payment of August drawings to partnership	(70.00)	20.00		
7/9/00	PHO BAS lodgment.				
2/10/00	PHO calculation of September Receipts	100.00	120.00		
	PHO calculation of September infrastructure charge plus GST. Draw 10/11 th of total.	(20.00)	100.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	PHO payment of drawings to partnership	(70.00)	30.00		
7/10/00	PHO BAS lodgment without including GST paid on infrastructure charge for the period 1 July to 31 August which was paid in August and September.	0		0	
2/11/00	PHO calculation of October Receipts	100.00	130.00		
	PHO calculation of October infrastructure charge plus GST. Draw 10/11 th of total.	(20.00)	110.00		
	PHO payment of drawings to partnership.	(70.00)	40.00		
3/11/00	Raise tax invoice for the infrastructure charges calculated between 1 July and 31 August, 2000 and an additional tax invoice for the month of September. Provide billing information for the period 1 July to 30 September and for the month of October				
7/11/00	PHO BAS lodgment including GST paid on infrastructure charge for the period 1 July to 31 August and for the month of September.	6.00		(6.00)	
11/11/00	Partnership BAS lodgment for Sept quarter including ITC on infrastructure charge raised in September quarter	(4.00)			4.00

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	for period July to August.				
27/11/00	Partnership payment of GST net credit for September quarter to No 1 Account	4.00	44.00		0
2/12/00	PHO calculation of November Receipts	100.00	144.00		
	PHO calculation of November infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	124.00		
	PHO payment of drawings to partnership.	(70.00)	54.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for the period July to August.	(4.00)	50.00	(2.00)	
	Raise a tax invoice for the infrastructure charge for the month of October (raised in November) and provide billing information for November.				
Second Arrangement Begins					
7/12/00	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
2/1/00	PHO calculation of December Receipts	100.00	150.00		
	PHO calculation of December infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(20.00)	130.00		
	PHO payment of drawings to partnership	(70.00)	60.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	Raise a tax invoice for the infrastructure charge for the month of November (raised in December) and provide billing information for December.				
7/1/01	Partnership BAS lodgment including ITC on infrastructure charges raised in the December quarter (ie September-November).	(6.00)			6.00
	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(6.00)	
21/1/01	Partnership payment of GST net credit for December quarter to No 1 Account	6.00	66.00		0
2/2/01	PHO calculation of January Receipts	100.00	166.00		
	PHO calculation of January infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	146.00		
	PHO payment of drawings to partnership	(70.00)	76.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge raised in the December quarter (i.e. charges for September–November)	(6.00)	70.00	0	
	Raise a tax invoice for the infrastructure charge for the month of December (raised				

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	in January) and provide billing information for January.				
7/2/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(2.00)	
2/3/01	PHO calculation of February Receipts	100.00	170.00		
	PHO calculation of February infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	150.00		
	PHO payment of drawings to partnership	(70.00)	80.00		
	Raise a tax invoice for the infrastructure charge for the month of January (raised in February) and provide billing information for February.				
7/3/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
2/4/01	PHO calculation of March Receipts	100.00	180.00		
	PHO calculation of March infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	160.00		
	PHO payment of drawings to partnership	(70.00)	90.00		
	Raise a tax invoice for the infrastructure charge for the month of February (raised in March) and provide billing information for March.				

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
7/4/01	Partnership BAS lodgment including ITC on infrastructure charge for March quarter.	(6.00)			6.00
	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(6.00)	
21/4/00	Partnership payment of GST net credit for March quarter to No 1 Account	6.00	96.00		0
2/5/01	PHO calculation of April Receipts	100.00	196.00		
	PHO calculation of April infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	176.00		
	PHO payment of drawings to partnership	(70.00)	106.00		
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charges raised during the March quarter	(6.00)	100.00	0	
	Raise a tax invoice for the infrastructure charge for the month of March (raised in April) and provide billing information for April.				
7/5/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(2.00)	
2/6/01	PHO calculation of May Receipts	100.00	200.00		
	PHO calculation of May infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	180.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	PHO payment of drawings to partnership	(70.00)	110.00		
	Raise a tax invoice for the infrastructure charge for the month of April (raised in May) and provide billing information for May.				
7/6/01	PHO BAS lodgment including GST paid on infrastructure charge.	2.00		(4.00)	
30/6/01	PHO calculation of remainder of infrastructure charge (i.e. balance of No 1 Account) plus GST. PHO raises a tax invoice dated 30 June.				
2/7/01	PHO calculation of June Receipts	100.00	210.00		
	PHO calculation of June infrastructure charge plus GST. Draw 10/11 th of total	(20.00)	190.00		
	PHO payment of drawings to partnership	(70.00)	120.00		
	Raise a tax invoice for the infrastructure charge for the month of May (raised in June) and provide billing information for June.				
	PHO withdraws annual infrastructure charge from No 1 Account and pays in accordance with procedures. PHO provides a copy of the tax invoice to the SMP	120.00	0	8.00	

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
7/7/01	Partnership BAS lodgment including ITC on infrastructure charges raised during the June quarter and annual component.	(18.00)			18.00
	PHO BAS lodgment including GST paid on monthly and annual components of the infrastructure charge.	14.00		(6.00)	
21/7/01	Partnership payment of GST net credit for June quarter and annual charge to No 1 Account	18.00	18.00		0
	PHO draws remaining 1/11 th of annual component of infrastructure charge (paid to No 2 account)	(12.00)	6.00		
2/8/01	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge raised during the June quarter.	(6.00)	0	0	
7/8/01	PHO BAS lodgment including GST paid on monthly components of the infrastructure charge.	2.00		(2.00)	
7/10/01	Partnership BAS lodgment including ITC for June infrastructure charges raised in July	2.00			2.00
21/10/01	Partnership pays an amount equivalent to the ITC on infrastructure charges incurred in the September quarter (i.e. June)	2.00	2.00		0

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	into No 1 Account				
2/11/01	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for June raised in July.	(2.00)	0	0	

Level 2-5 SMPs with an Infrastructure charge of 90% or more

Practical Procedures & Obligations

Where an SMP's infrastructure charge is 90% or more, the arrangements will be the same regardless of whether the SMP is an individual, a private practice partnership or any other legal entity.

Note, references in this procedural document to SMPs should be read as pertaining to the SMP's appropriately registered legal entity of which he/she is a member (partnership or otherwise) or, in the event that such a structure is not in existence then, to the SMP individually.

SMPs with an annual turnover of less than \$50,000 may choose not to be registered for GST, however, regardless of this fact these procedures will still apply. SMPs who choose not to be registered should be aware that they will suffer a loss of income due to the need to refund an amount equivalent to net GST credits to the No 1 Account irrespective of the fact that these amounts have not been received from the ATO

PHO Obligations

PHOs are obliged to do the following:-

- Invoice patients (or other recipients of the supply) on an SMP's behalf. However, the PHO will only issue a tax invoice on behalf of the SMP (quoting the ABN of the PHO as agent) in the event that the patient or other recipient requests one. Copies of such tax invoices for taxable supplies are to be provided to the relevant SMP;
- Ensure that payments for services rendered by SMPs are deposited in a separately identifiable account administered by the PHO (this account is referred to as the No 1 Account throughout this document);
- Issue a compliant tax invoice, for the monthly component of the infrastructure charge, to SMPs following close of books for that month;
- Issue cash statements of transactions on the No 1 Account, to all SMPs (not only those who account for GST on a cash basis) following close of books for that month (refer to the sample tax invoice and financial information provided annexed to this Procedures document);
- Except as detailed in the following dot points, issue a statement of gross billings to all SMPs following close of books for that month. Where SMPs are members of a group (e.g. approved pathology provider arrangements), the PHO will undertake to issue patient invoices and provide gross billing statement information on an individual SMP basis. Where this is currently not possible, the PHO will generally undertake to make arrangements to move to a system capable of tracking this information, in the event that such information can be tracked.
- Notwithstanding the above, in the following circumstances, the PHO should provide gross

billing information on individual allocation of gross billings based on the proportion of individual drawings to total group drawings. These circumstances are:-

- where individual billing information is not available; or
- as an interim measure for the PHO moving to individual billings information;
- Issue consolidated gross billing statements covering all SMP members of a legal entity where the SMP is a member of a wider, GST registered legal entity (e.g. partnership) for the purposes of rights of private practice;
- Not draw the infrastructure charge from the No.1 Account prior to the issue of the tax invoice where the PHO closes their books prior to the end of a month. Where the PHO closes their books at the end of month (1st month) and does not impose an infrastructure charge until the following month (2nd month), the infrastructure charge may be drawn prior to the issue of a tax invoice, provided that the tax invoice, with accompanying billing information for the 2nd month is presented to the SMP no later than two (2) days after the end of the month in which the charge was raised (i.e. in the 3rd month). (Note as the infrastructure charge has been paid in the 2nd month, provided the tax invoice is received prior to lodgment of a BAS in the 3rd month the SMP can include infrastructure charges raised in the 2nd month in their BAS which may be lodged in the 3rd month);
- The first 1/11th of the annual component of the infrastructure charge will be paid from the No 1 account to the PHOs General Fund. The remaining 10/11th of the annual component of the infrastructure charge is to be paid into a separately identifiable PHO account (referred to through this procedural document as the No 2 Account) in two instalments (9/11th and 1/11th respectively), in accordance with the timeline dates outlined later in this procedures document and subject to availability of funds in the No 1 Account. These amounts will not be paid into any other accounts.
- In relation to annual components of the infrastructure charge, if a SMP does not pay an amount equivalent to 1/11th of the annual component by the 21st day of the month following the month in which a tax invoice was issued for the annual component, or such other time as is agreed in accordance with the timeline dates outlined later in this procedures document, then subsequent drawings will be reduced as required, to return this amount to the No 1 Account.
- Issue a compliant tax invoice, for the annual component of the infrastructure charge, to SMPs following the close of books at the end of the financial year;
- Only draw out of the No 1 Account, an amount equal to 10/11th of the GST inclusive infrastructure charge (whether on a monthly or annual basis) on the day the tax invoice is raised or the day on which the charge is calculated for PHOs who raise an infrastructure charge after the end of a month (subject to the provisions outlined in the timelines, which appear later in this document, for the annual component of the charge). The additional 1/11th will be drawn on the last day of the month in which a quarterly BAS was due for lodgment. However, where sufficient funds are available, the additional 1/11th may be drawn prior to the last day of the month in which a quarterly BAS was due for lodgment (i.e., on any day on or after the day on which the 10/11th of the infrastructure charge is drawn provided that the No 1 Account has sufficient funds.

- In relation to monthly components of the infrastructure charge, if a SMP does not pay an amount equivalent to their net GST amount by the 21st day of the month following the month in which a tax invoice was issued, or the charge was withdrawn (in the event that the tax invoice is issued within two days of the end of the month in which the charge was withdrawn), for the monthly charge, then subsequent drawings will be reduced as required, in order to retain such amounts in the No 1 Account. Where the SMP have advised that they will be in a private practice partnership, for the **first quarter only**, if PHOs have sufficient funds to draw the final 1/11th of the infrastructure charge and the partnership has not been able to obtain their GST registration and complete BAS lodgment prior to the 11 November deadline, drawings will not be reduced until one month after they would otherwise have been reduced under this obligation;
- Meet any approved SMP Professional Development expenditure (TESL). Other than in those circumstances where allowances are paid to SMPs (including per diems), TESL is the hospital's expenditure, for which the PHO may be entitled to an input tax credit. TESL will only ever be paid from the No 2 Account. Where the SMP (or private practice partnership etc) receiving an allowance (including per diems) is registered for GST, the SMP may be entitled to an input tax credit for any GST taxable expenses met from the allowance received. Note, this paragraph is not intended to change the scope of TESL from that which is already provided;
- Ensure payment of drawings to SMPs who have elected Levels 2, 3 or 4 at an agreed minimum level per month. This practice is known as supplementation. If receipts do not allow for this level of drawings, the PHO will reduce infrastructure charges for that month, and previous months if necessary, to provide drawings to the SMP to that level. Where this results in an "adjustment event" for GST purposes, the PHO will raise an adjustment note and provide it to the SMP as required, either on a monthly or an annual basis. (Note, changes in infrastructure charge levels in the same month do not give rise to an adjustment event, therefore, where only the current month's infrastructure charge is adjusted, no adjustment note is required unless a tax invoice for the full amount of the infrastructure charge has been provided to the SMP). Note, the operation of this paragraph is not intended to change the scope of supplementation from that which currently exists.
- Where a partnership deposits an amount greater than the calculated GST net credit. The additional amount will be refunded to the partners in addition to the next drawings payment made, provided that seven (7) days notice has been provided to the PHO of the distribution details of the amount. Where seven days notice is not provided, then the choice of repayment with current drawings or deferment of refund to following drawings payment will be discretionary on the PHO.

SMP Obligations

SMPs are obliged to do the following:-

- Advise the PHO whether, with effect from 1 July, 2000 or any other effective date, they are registered, or have applied to be registered, for GST, as an individual or whether they are a member of a legal entity (e.g. partnership) which has so applied. Also, to advise if, at any time they cease to hold that registration during such time as they conduct rights of

private practice in a NSW PHO. (Note: where SMPs are members of a legal entity for rights of private practice purposes, this will reduce considerably the administrative burden on all parties);

- Advise the PHO of the details of the individual SMP or the legal entity of which they are a member. Such details are as follows: the ABN (where available), the name and address for inclusion on tax invoices, membership of any partnership, and their chosen method of GST accounting (i.e. accrual or cash). In the event of any change to the ABN, the SMP will advise the PHO of that change within seven (7) days of that change occurring or advice from the ATO being received that the change has occurred;
- In relation to monthly components of the infrastructure charge, the SMP will pay an amount equivalent to their net GST credit from rights of private practice by the 21st day of the month following the month in which a tax invoice was issued, or the charge was withdrawn (in the event that the tax invoice is issued within two days of the end of the month in which the charge was withdrawn), for the monthly charge. If the payment is not received by the 21st day of the month, then subsequent drawings will be reduced as required, to return this amount to the No 1 Account. These amounts will then be transferred to the PHO General Account, in the event that the PHO has not already drawn the full 11/11th of the infrastructure charge. Note, where the SMP has advised the PHO that they account for GST on the cash accounting method but will be moving to accruals from the quarter commencing 1 October, then for the **first quarter only**, the GST net amount will be calculated as being the cash accounting net amount, where the PHO has not drawn the full 11/11th of the infrastructure charges raised during the months of July to September. Where this is the case, drawings will only be reduced by the cash amount with the remainder of the accruals based net amount being recovered from January drawings. Additionally, where the SMP has advised that they will be in a private practice partnership, for the **first quarter only**, if PHOs have sufficient funds to draw the final 1/11th of the infrastructure charge and the partnership has not been able to obtain their GST registration and complete BAS lodgment prior to the 11 November deadline, drawings will not be reduced until one month after they would otherwise have been reduced under this obligation;
- In relation to annual components of the infrastructure charge, the SMP will pay into the No 1 Account an amount equivalent to 1/11th of the annual component by the 21st day of the month following the month in which a tax invoice was issued for the annual component of the infrastructure charge, or such other date as is nominated by the PHO in the event that the annual component is invoiced but not paid in June. If the payment is not received by the 21st day of the month, then subsequent drawings payments will be reduced as required, to return this amount to the No 1 Account. These amounts will then be transferred to the No 2 Account, in the event that the PHO has not already drawn the full 11/11th of the infrastructure charge;
- In the event that a SMP changes their private practice election to Level 1, the SMP will ensure that all GST net amounts have been fully funded in the No 1 Account, or make arrangements for payment of any outstanding amounts by the 21st day of the month in which a quarterly BAS is due for lodgment for the period in which the final tax invoice is received. If payment is not received, the PHO will be entitled to recover the outstanding amount through reduction of salary amounts owed to the SMP by the PHO until such time as the amount is paid. The SMP will provide the PHO with a written authority at the

time of changing their private practice election to Level 1 to recover this entitlement. Note the PHO must provide the SMP with seven (7) days notice of their intention to reduce amounts owed to the SMP in accordance with the written authority;

- Provide the PHO with a written authority upon commencement of employment or, if currently employed, as soon as practicable, to use any termination payments (including annual leave and long service leave payouts) to offset any remaining liability of the SMP in relation to the infrastructure charge. Note the PHO must provide the SMP with seven (7) days notice of their intention to reduce these amounts.
- Where the partnership has included creditable acquisitions on its BAS other than those used to calculate the net GST credit for the purposes of this procedure, the partnership may deposit an amount greater than that owed to the No 1 Account. Where this is the case, the Partnership must provide details of the additional payment to the PHO together with details of the distribution of repayment of these funds to the partners seven (7) days prior to the next drawings distribution. Where seven days notice is not provided, then the choice of repayment with current drawings or deferment of refund to following drawings payment will be discretionary on the PHO.

Practical Implementation of GST for PHOs who Levy the Infrastructure Charge in the Billing Month

This part of the procedure should be used by PHOs who close their books on or before the last day of a month and who calculate, invoice and withdraw infrastructure charges on or before the last day of the billing month

GST has been in place since 1 July so it is necessary to institute an initial set of procedures (described as the First Arrangement below) as well as ongoing procedures to apply going forward (described as the Second Arrangement below).

These arrangements are described below in timeline format. In addition, a fully worked example where SMPs are accounting for GST on accruals basis is provided as example 3.

First Arrangement (July, 2000 – October, 2000)

For ease of understanding, tasks have been set out in a timeline. Note the dates included are the latest possible date for each action/transaction to occur.

Assumptions

- SMPs are registered, either individually or as part of a legal entity, from, or with effect from 1 July.
- The PHO will raise a tax invoice for the infrastructure charge for the period July to September and then move to monthly tax invoices from October.
- The monthly component of the infrastructure charge is calculated, invoiced and paid in the month it occurs.
- The PHO is assumed to be following the interim procedures set out in 27 July and 1 August instructions from the Department.

1 July:-	SMPs registered for GST (or registrations to be effective from 1 July);
30 September:-	PHO to withdraw 10/11 th of GST inclusive infrastructure charge for September from No 1 Account;
7 October:-	PHO to have lodged their September BAS without incorporating an amount of GST on the infrastructure charge raised for the period 1 July to 30 September, 2000;
31 October:-	All SMPs to have notified PHO of either individual or legal entity GST registration details including ABN (where available), name and address for billing purposes, membership of any partnership, and their GST accounting method; PHO to withdraw 10/11 th of GST inclusive infrastructure charge for the month of October from No 1 Account;
3 November:-	PHO to raise a tax invoice for an infrastructure charge for the

period 1 July to 30 September, 2000;

PHO to provide the tax invoice to the SMP together with copies of any tax invoices issued on the SMPs behalf, for taxable supplies for the period 1 July to 30 September, 2000;

PHO to raise a tax invoice for the infrastructure charge for the month of October;

PHO to provide the tax invoice to the SMP together with copies of any tax invoices issued on the SMP's behalf, for taxable supplies in the month of October;

- 7 November:- PHO to have lodged their October BAS incorporating an amount of GST on the infrastructure charge raised for the period 1 July to 30 September and the month of October.
- 11 November:- SMP to have lodged their BAS for the quarter ended 30 September (note this is the last possible date for lodgment unless a specific extension has been received from the Australian Taxation Office e.g. through tax agents) and the month of October;
- 27 November:- SMPs to have paid an amount, equal to the net GST credit from rights of private practice activity, into the No 1 Account for the period 1 July to 30 September and for the month of October.
- PHO to withdraw from the No 1 Account the outstanding amounts of infrastructure charges (equal to 1/11th of the invoiced amounts) for the period 1 July to 30 September and for the month of October. (Note this may be withdrawn earlier, at the PHOs discretion, subject to availability of funds).

Second Arrangement (ongoing from November 2000 billings)

Note, the days nominated are expected to be the last day on which a task would be carried out and may happen earlier.

Last day of billing month:- PHO to raise a tax invoice for an infrastructure charge for the month;

PHO to provide the tax invoice to the SMP together with copies of any tax invoices issued on the SMPs behalf, for taxable supplies for the month;

PHO to withdraw 10/11th of GST inclusive infrastructure charge;

7th day of following month:-PHO expected to have lodged their BAS for the previous month incorporating an amount of GST on the infrastructure charge raised for that month.

21st day of following month:-SMPs to have paid an amount, equal to the net GST credit from

rights of private practice activity, into the No 1 Account and provide documentary evidence of this payment to the PHO.

PHO to raise a debtor against an SMP's drawings, where no payment has been received. These amounts to be withdrawn from the next, and if necessary, subsequent drawings payments made;

Last day of following month:- PHO to withdraw the outstanding amounts of infrastructure charges (equal to 1/11th of the invoiced amounts). Note this may be withdrawn earlier, at the PHO's discretion, subject to availability of funds.

Annual infrastructure charge arrangements

Note: where the annual infrastructure charge is not to be raised prior to, or on the last day of the financial year, then the PHO should refer to the arrangements outlined for PHOs who close their books on or after the end of the financial year.

Last day of financial year:- PHO to raise a tax invoice for the annual infrastructure charge;

PHO to provide the tax invoice to the SMP;

PHO to withdraw 10/11th of GST inclusive annual infrastructure charge;

7th day of following month:-PHO expected to have lodged their BAS for the previous month incorporating an amount of GST on the annual infrastructure charge.

21st day of following month:-SMPs to have paid into the No 1 Account an amount equivalent to 1/11th of the GST inclusive annual infrastructure charge and provide documentary evidence of this payment to the PHO;

PHO to raise a debtor against an SMP's drawings, where no payment has been received. These amounts to be withdrawn from the next, and if necessary, subsequent drawings payments made;

PHO to withdraw the outstanding amounts of infrastructure charges (equal to 1/11th of the invoiced amounts). (Note this may be withdrawn earlier or later, at the PHO's discretion, subject to availability of funds);

Example 3(a)

Assumptions: Gross Billing: \$100/month (no GST taxable activities)
 Infrastructure charge raised in the same month as the billing period:
 - monthly 90% of Gross Billing plus GST
 - annual Balance of No 1 account plus GST (assume drawn annually)
 Drawings: 5% of Receipts
 SMP Accounting Basis: **Accrual & Monthly BAS lodgment**

Note: In working this example, due to complexities of adding in other taxation matters, no regard has been paid to PAYG or other GST liabilities outside rights of private practice. In reality, it is likely that every quarter, SMPs, or the registered entity of which they form a part, will receive their net GST credit by way of an offset to other tax liabilities, not a cash refund.

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
First Arrangement Begins					
31/7/00	PHO calculation of July Receipts	100.00	100.00		
	PHO calculation of July infrastructure charge plus GST. Draw 10/11 th of total	(90.00)	10.00		
	PHO payment of July drawings to SMP	(5.00)	5.00		
7/8/00	PHO BAS lodgment.				
31/8/00	PHO calculation of August Receipts	100.00	105.00		
	PHO calculation of August infrastructure charge plus GST. Draw 10/11 th of total	(90.00)	15.00		
	PHO payment of August drawings to SMP	(5.00)	10.00		
7/9/00	PHO BAS lodgment.				
30/9/00	PHO calculation of September Receipts	100.00	110.00		
	PHO calculation of September infrastructure charge plus GST. Draw 10/11 th of total. Raise a tax invoice for the	(90.00)	20.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	infrastructure charges calculated between 1 July and 30 September, 2000.				
	PHO payment of drawings to SMP	(5.00)	15.00		
7/10/00	PHO BAS lodgment without including GST paid on infrastructure charge for the quarter ended 30 September.	0		0	
31/10/00	PHO calculation of October Receipts	100.00	115.00		
	PHO calculation of October infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(90.00)	25.00		
	PHO payment of drawings to SMP	(5.00)	20.00		
7/11/00	PHO BAS lodgment including GST paid on infrastructure charge for the period 1 July to 30 September and for the month of October.	36.00		(36.00)	
11/11/00	SMP BAS lodgment included ITC on infrastructure charge for Sept quarter.	(27.00)			27.00
	SMP BAS lodgment included ITC on infrastructure charge for October.	(9.00)			36.00
27/11/00	SMP payment of an amount equivalent to their GST Net Amount to No 1 Account	36.00	56.00		0
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for Sept quarter and October	(36.00)	20.00	0	
Second Arrangement Begins					
30/11/00	PHO calculation of November Receipts	100.00	120.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	PHO calculation of November infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(90.00)	30.00		
	PHO payment of drawings to SMP	(5.00)	25.00		
7/12/00	SMP BAS lodgment included ITC on infrastructure charge for November.	(9.00)			9.00
	PHO BAS lodgment including GST paid on infrastructure charge.	9.00		(9.00)	
21/12/00	SMP payment of an amount equivalent to their GST Net Amount to No 1 Account	9.00	34.00		0
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for November	(9.00)	25.00	0	
31/12/00	PHO calculation of December Receipts	100.00	125.00		
	PHO calculation of December infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(90.00)	35.00		
	PHO payment of drawings to SMP	(5.00)	30.00		
7/1/01	SMP BAS lodgment included ITC on infrastructure charge for December.	(9.00)			9.00
	PHO BAS lodgment including GST paid on infrastructure charge.	9.00		(9.00)	
21/1/01	SMP payment of an amount equivalent to their GST Net Amount to No 1 Account	9.00	39.00		0
	PHO draws an amount	(9.00)	30.00	0	

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	from No 1 Account to pay debtor of 1/11 th of infrastructure charge for December				
31/1/01	PHO calculation of January Receipts	100.00	130.00		
	PHO calculation of January infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(90.00)	40.00		
	PHO payment of drawings to SMP	(5.00)	35.00		
7/2/01	SMP BAS lodgment included ITC on infrastructure charge for January.	(9.00)			9.00
	PHO BAS lodgment including GST paid on infrastructure charge.	9.00		(9.00)	
21/2/01	SMP payment of an amount equivalent to their GST Net Amount to No 1 Account	9.00	44.00		0
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for January	(9.00)	35.00	0	
28/2/01	PHO calculation of February Receipts	100.00	135.00		
	PHO calculation of February infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(90.00)	45.00		
	PHO payment of drawings to SMP	(5.00)	40.00		
7/3/01	SMP BAS lodgment included ITC on infrastructure charge for February.	(9.00)			9.00
	PHO BAS lodgment including GST paid on infrastructure charge.	9.00		(9.00)	
21/3/01	SMP payment of an	9.00	49.00		0

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	amount equivalent to their GST Net Amount to No 1 Account				
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for February	(9.00)	40.00	0	
31/3/01	PHO calculation of March Receipts	100.00	140.00		
	PHO calculation of March infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(90.00)	50.00		
	PHO payment of drawings to SMP	(5.00)	45.00		
7/4/01	SMP BAS lodgment included ITC on infrastructure charge for March.	(9.00)			9.00
	PHO BAS lodgment including GST paid on infrastructure charge.	9.00		(9.00)	
21/4/01	SMP payment of an amount equivalent to their GST Net Amount to No 1 Account	9.00	54.00		0
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for March	(9.00)	45.00	0	
30/4/01	PHO calculation of April Receipts	100.00	145.00		
	PHO calculation of April infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(90.00)	55.00		
	PHO payment of drawings to SMP	(5.00)	50.00		
7/5/01	SMP BAS lodgment included ITC on infrastructure charge for April.	(9.00)			9.00

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	PHO BAS lodgment including GST paid on infrastructure charge.	9.00		(9.00)	
21/5/01	SMP payment of an amount equivalent to their GST Net Amount to No 1 Account	9.00	59.00		0
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for April	(9.00)	50.00	0	
31/5/01	PHO calculation of May Receipts	100.00	150.00		
	PHO calculation of May infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(90.00)	60.00		
	PHO payment of drawings to SMP	(5.00)	55.00		
7/6/01	SMP BAS lodgment included ITC on infrastructure charge for May.	(9.00)			9.00
	PHO BAS lodgment including GST paid on infrastructure charge.	9.00		(9.00)	
21/6/01	SMP payment of an amount equivalent to their GST Net Amount to No 1 Account	9.00	64.00		0
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for May	(9.00)	55.00	0	
30/6/01	PHO calculation of June Receipts	100.00	155.00		
	PHO calculation of June infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(90.00)	65.00		
	PHO payment of drawings to SMP	(5.00)	60.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	PHO calculation of remainder of infrastructure charge (i.e. balance of No 1 Account) plus GST. Raise a tax invoice. Draw 10/11 th of total	(60.00)	0		
7/7/01	SMP BAS lodgment included ITC on infrastructure charges for June and year end.	(15.00)			15.00
	PHO BAS lodgment including GST paid on infrastructure charge.	15.00		(15.00)	
21/7/01	SMP payment of an amount equivalent to their GST net Amount to No.1 Account	15.00	15.00		0
	PHO draws an amount from No1 Account to pay debtor of 1/11 th of infrastructure charge for June	(15.00)	0	0	

Practical Implementation of GST for PHOs who Levy the Infrastructure Charge in the month after the Billing Month

This part of the procedure should be used by PHOs who close their books on or after the last day of a month and who calculate, invoice and withdraw infrastructure charges in the month following the billing month

GST has been in place since 1 July so it is necessary to institute an initial set of procedures (described as the First Arrangement below) as well as ongoing procedures to apply going forward (described as the Second Arrangement below).

These arrangements are described below in timeline format. In addition, a fully worked example where SMPs are accounting for GST on accruals basis is provided as example 3(b).

First Arrangement (July, 2000 – October, 2000)

For ease of understanding, tasks have been set out in a timeline. Note the dates included are the latest possible date for each action/transaction to occur. The second day of the following month has been used as the date for payment of the infrastructure charge only for ease of understanding as this is the day on which a tax invoice and financial information is provided. This does not necessarily reflect the date on which this amount is actually paid.

Assumptions

- SMPs are registered, either individually or as part of a legal entity, from, or with effect from 1 July.
- The PHO will raise a tax invoice for the infrastructure charge for the period July to August and then move to monthly tax invoices from September.
- The monthly component of the infrastructure charge is calculated, invoiced and paid in the month after the billing month (with the exception of the month of June, where the invoice should be dated 30 June).
- The PHO is assumed to be following the interim procedures set out in 27 July and 1 August instructions from the Department of Health.

1 July:-	SMPs registered for GST (or registrations to be effective from 1 July);
2 July:-	PHO to withdraw the June infrastructure charge with no GST applicable;
2 August:-	PHO to withdraw 10/11 th of GST inclusive infrastructure charge for the month of July from No 1 Account;
2 September:-	PHO to withdraw 10/11 th of GST inclusive infrastructure charge for the month of August from No 1 Account;
2 October:-	PHO to withdraw 10/11 th of GST inclusive infrastructure charge for the month of September from No 1 Account;

- 7 October:- PHO to have lodged their September BAS without incorporating an amount of GST on the infrastructure charges raised for the period 1 July to 31 August, 2000;
- 31 October:- All SMPs to have notified PHO of either individual or legal entity GST registration details including ABN (where available), name and address for billing purposes, partner details if in partnership, and their GST accounting method;
- 3 November:- PHO to raise a tax invoice for an infrastructure charge for the period 1 July to 31 August, 2000 (Note there is a requirement for the PHO to provide transaction information to 30 September while the tax invoice is only to 31 August);
- PHO to provide the tax invoice to the SMP together with copies of any tax invoices issued on the SMPs behalf, for taxable supplies for the period 1 July to 30 September, 2000;
- PHO to raise a tax invoice for the infrastructure charge for the month of September (Note there is a requirement for the PHO to provide transaction information for October while the tax invoice is for September);
- PHO to provide the tax invoice to the SMP together with copies of any tax invoices issued on the SMPs behalf, for taxable supplies in the month of October;
- 7 November:- PHO to have lodged their October BAS incorporating an amount of GST on the infrastructure charge raised for the period 1 July to 31 August and the month of September.
- 11 November:- SMP to have lodged their BAS for the quarter ended 30 September (note, this is generally the last possible date for lodgment unless a specific extension has been received from the Australian Taxation Office e.g. through tax agents) This BAS should include infrastructure charges raised for July and August and billing information for the period 1 July to 30 September. SMP also to have lodged their BAS for the month of October;
- 27 November:- SMPs to have paid an amount, equal to the net GST credit from rights of private practice activity, into the No 1 Account for the period 1 July to 30 September and for the month of October.
- PHO to withdraw from the No 1 Account the outstanding amounts of infrastructure charges (equal to 1/11th of the invoiced amounts) for the period 1 July to 31 August and for the month of September. (Note this may be withdrawn earlier, at the PHOs discretion, subject to availability of funds).

Second Arrangement (ongoing from November 2000 billings)

Note, the days nominated are expected to be the last day on which a task would be carried out and may happen earlier.

Last day of billing month:- PHO to close off month in ledgers.

2nd day of following month:-PHO to withdraw 10/11th of GST inclusive (i.e. the 2nd month) infrastructure charge calculated for the billing month.

2nd day of 3rd month:- PHO to raise a tax invoice for the infrastructure charge raised during the 2nd month. PHOs should note that there is a requirement for the PHO to provide transaction information for the 2nd month while the tax invoice is only for any infrastructure charges levied during the 2nd month (ie the charge calculated on the billing month on the 2nd day of the 2nd month). As the infrastructure charge has been paid in the 2nd month, provided the tax invoice is received prior to lodgment of a BAS in the 3rd month, the SMP can include the infrastructure charges levied in the 2nd month in their BAS for the 2nd month, lodged in the 3rd month;

PHO to provide the tax invoice to the SMP together with copies of any tax invoices issued on the SMPs behalf, for taxable supplies during the 2nd month.

7th day of 3rd month:- PHO expected to have lodged their BAS for the previous month incorporating an amount of GST on any infrastructure charge levied during the 2nd month.

21st day of 3rd month:- SMPs to have paid an amount, equal to the net GST credit from rights of private practice activity for the 2nd month (includes the infrastructure charge calculated on the billing month but levied in the 2nd month) into the No 1 Account and provide documentary evidence of this payment to the PHO.

PHO to withdraw the outstanding amounts of infrastructure charges (equal to 1/11th of the invoiced amounts). Note this may be withdrawn earlier, at the PHO's discretion, subject to availability of funds.

PHO to raise a debtor against an SMP's drawings, where no payment has been received. These amounts to be withdrawn from the next, and if necessary, subsequent drawings payments made;

To align payments of the monthly infrastructure charge with those of the annual charge, and thereby ensuring that no income tax misalignment of fees collected and infrastructure charges arises for SMPs, PHOs should seek to ensure that invoices raised for the month of June are dated 30 June.

Annual infrastructure charge arrangements

This timeline requires that the tax invoice being dated 30 June is observed. PHOs may use their discretion to vary the date in July that payment by an SMP, who accounts for GST using the accruals method, is required. This discretion is dependant on the date that they provide the tax invoice to the SMP, allowing sufficient time for BAS preparation and a fourteen day return of any refund from the ATO.

Assumption:-	The annual component of the infrastructure charge is invoiced but not paid prior to the end of the financial year (i.e. 30 June)
30 th June:-	PHO to close off books for the financial year. PHO to raise a tax invoice for the annual infrastructure charge. This invoice must be raised with a date of 30 June;
2 July	PHO to provide the tax invoice to the SMP; PHO to withdraw 10/11 th of GST inclusive annual infrastructure charge and pay 1/11 th to the General Fund and 9/11 th to the No 2 account;
7 th July:-	PHO expected to have lodged their BAS for June incorporating an amount of 1/11 th GST on the annual infrastructure charge. SMPs expected to have lodged their BAS for June. If accounting on an accruals basis, then the SMP should include the annual infrastructure charge on that BAS.
21 st July	SMPs accounting on the accruals method for GST to have paid into the No 1 account an amount equivalent to 1/11 th of the GST inclusive annual infrastructure charge and provide documentary evidence of this payment to the PHO; PHO to raise a debtor against an SMP's drawings, who were required to pay by 21 st July, where no payment has been received. These amounts to be withdrawn from the next, and if necessary, subsequent drawings payments made;
21 st August:-	SMPs accounting on the cash method for GST to have paid into the No 1 Account an amount equivalent to 1/11 th of the GST inclusive annual infrastructure charge and provide documentary evidence of this payment to the PHO; PHO to raise a debtor against an SMP's drawings, where no payment has been received. These amounts to be withdrawn from the next, and if necessary, subsequent drawings payments made; PHO to withdraw the outstanding amounts of infrastructure charges

(equal to 1/11th of the invoiced amounts) and pay to the credit of the No 2 Account. (Note this may be withdrawn earlier or later, at the PHO's discretion, subject to availability of funds);

PHOs should note that these arrangements have been made to ensure that neither the PHO nor the SMP is adversely affected in cash flow terms by the imposition of the GST. The 30 June date on the tax invoice is imperative to the workings of these procedures. The different repayment date for SMPs who are still accounting for GST on the cash method is to reflect their inability to claim an input tax credit for the infrastructure charge at an earlier date.

Example 3(b)

Assumptions: Gross Billing: \$100/month (no GST taxable activities)
 Infrastructure charge raised in the month after the billing period:
 - monthly 90% of Gross Billing plus GST
 - annual Balance of No 1 account plus GST (assume drawn annually)
 Drawings: 5% of Receipts
 SMP Accounting Basis: **Accrual & Monthly BAS lodgment**

Note: In working this example, due to complexities of adding in other taxation matters, no regard has been paid to PAYG or other GST liabilities outside rights of private practice. In reality, it is likely that every quarter, SMPs, or the registered entity of which they form a part, will receive their net GST credit by way of an offset to other tax liabilities, not a cash refund.

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
First Arrangement Begins					
2/8/00	PHO calculation of July Receipts	100.00	100.00		
	PHO calculation of July infrastructure charge plus GST. Draw 10/11 th of total	(90.00)	10.00		
	PHO payment of July drawings to SMP	(5.00)	5.00		
7/8/00	PHO BAS lodgment.				
2/9/00	PHO calculation of August Receipts	100.00	105.00		
	PHO calculation of August infrastructure charge plus GST. Draw 10/11 th of total	(90.00)	15.00		
	PHO payment of August drawings to SMP	(5.00)	10.00		
7/9/00	PHO BAS lodgment.				
2/10/00	PHO calculation of September Receipts	100.00	110.00		
	PHO calculation of September infrastructure charge plus GST. Draw 10/11 th of total.	(90.00)	20.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	PHO payment of drawings to SMP	(5.00)	15.00		
7/10/00	PHO BAS lodgment without including GST paid on infrastructure charge for the quarter ended 30 September.	0		0	
2/11/00	PHO calculation of October Receipts	100.00	115.00		
	PHO calculation of October infrastructure charge plus GST. Draw 10/11 th of total	(90.00)	25.00		
	PHO payment of drawings to SMP	(5.00)	20.00		
3/11/00	Raise tax invoice for the infrastructure charges calculated between 1 July and 31 August, 2000 and an additional tax invoice for the month of September. Provide billing information for the period 1 July to 30 September and for the month of October				
7/11/00	PHO BAS lodgment including GST paid on infrastructure charge for the period 1 July to 31 August and for the month of September.	27.00		(27.00)	
11/11/00	SMP BAS lodgment included ITC on infrastructure charges raised during the Sept quarter (i.e. July and August).	(18.00)			18.00
	SMP BAS lodgment included ITC on infrastructure charge for September.	(9.00)			27.00
27/11/00	SMP payment of an amount equivalent to	27.00	47.00		0

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	their GST Net Amount to No 1 Account				
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for Sept quarter and October	(27.00)	20.00	0	
Second Arrangement Begins					
2/12/00	PHO calculation of November Receipts	100.00	120.00		
	PHO calculation of November infrastructure charge plus GST. Draw 10/11 th of total	(90.00)	30.00		
	PHO payment of drawings to SMP	(5.00)	25.00		
	Raise a tax invoice for the infrastructure charge for the month of October (raised in November) and provide billing information for November.				
7/12/00	SMP BAS lodgment included ITC on infrastructure charge for October.	(9.00)			9.00
	PHO BAS lodgment including GST paid on infrastructure charge.	9.00		(9.00)	
21/12/00	SMP payment of an amount equivalent to their GST Net Amount to No 1 Account	9.00	34.00		0
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for October	(9.00)	25.00	0	

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
2/1/01	PHO calculation of December Receipts	100.00	125.00		
	PHO calculation of December infrastructure charge plus GST. Draw 10/11 th of total	(90.00)	35.00		
	PHO payment of drawings to SMP	(5.00)	30.00		
	Raise a tax invoice for the infrastructure charge for the month of November (raised in December) and provide billing information for December.				
7/1/01	SMP BAS lodgment included ITC on infrastructure charge for December.	(9.00)			9.00
	PHO BAS lodgment including GST paid on infrastructure charge.	9.00		(9.00)	
21/1/01	SMP payment of an amount equivalent to their GST Net Amount to No 1 Account	9.00	39.00		0
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for December	(9.00)	30.00	0	
2/2/01	PHO calculation of January Receipts	100.00	130.00		
	PHO calculation of January infrastructure charge plus GST. Draw 10/11 th of total	(90.00)	40.00		
	PHO payment of drawings to SMP	(5.00)	35.00		
	Raise a tax invoice for the infrastructure				

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	charge for the month of December (raised in January) and provide billing information for January.				
7/2/01	SMP BAS lodgment included ITC on infrastructure charge for December, raised in January.	(9.00)			9.00
	PHO BAS lodgment including GST paid on infrastructure charge.	9.00		(9.00)	
21/2/01	SMP payment of an amount equivalent to their GST Net Amount to No 1 Account	9.00	44.00		0
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for January	(9.00)	35.00	0	
2/3/01	PHO calculation of February Receipts	100.00	135.00		
	PHO calculation of February infrastructure charge plus GST. Draw 10/11 th of total	(90.00)	45.00		
	PHO payment of drawings to SMP	(5.00)	40.00		
	Raise a tax invoice for the infrastructure charge for the month of January (raised in February) and provide billing information for February.				
7/3/01	SMP BAS lodgment included ITC on infrastructure charge for January raised in	(9.00)			9.00

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	February.				
	PHO BAS lodgment including GST paid on infrastructure charge.	9.00		(9.00)	
21/3/01	SMP payment of an amount equivalent to their GST Net amount to No 1 Account	9.00	49.00		0
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for February	(9.00)	40.00	0	
2/4/01	PHO calculation of March Receipts	100.00	140.00		
	PHO calculation of March infrastructure charge plus GST. Draw 10/11 th of total	(90.00)	50.00		
	PHO payment of drawings to SMP	(5.00)	45.00		
	Raise a tax invoice for the infrastructure charge for the month of February (raised in March) and provide billing information for March.				
7/4/01	SMP BAS lodgment included ITC on infrastructure charge for February, raised in March.	(9.00)			9.00
	PHO BAS lodgment including GST paid on infrastructure charge.	9.00		(9.00)	
21/4/01	SMP payment of an amount equivalent to their GST net amount to No 1 Account	9.00	54.00		0
	PHO draws an amount from No 1 Account to pay debtor	(9.00)	45.00	0	

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	of 1/11 th of infrastructure charge for March				
2/5/01	PHO calculation of April Receipts	100.00	145.00		
	PHO calculation of April infrastructure charge plus GST. Draw 10/11 th of total	(90.00)	55.00		
	PHO payment of drawings to SMP	(5.00)	50.00		
	Raise a tax invoice for the infrastructure charge for the month of March (raised in April) and provide billing information for April.				
7/5/01	SMP BAS lodgment included ITC on infrastructure charge for March raised in April.	(9.00)			9.00
	PHO BAS lodgment including GST paid on infrastructure charge.	9.00		(9.00)	
21/5/01	SMP payment of an amount equivalent to their GST Net Amount to No 1 Account	9.00	59.00		0
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for April	(9.00)	50.00	0	
2/6/01	PHO calculation of May Receipts	100.00	150.00		
	PHO calculation of May infrastructure charge plus GST. Raise a tax invoice. Draw 10/11 th of total	(90.00)	60.00		
	PHO payment of	(5.00)	55.00		

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	drawings to SMP				
	Raise a tax invoice for the infrastructure charge for the month of April (raised in May) and provide billing information for May.				
7/6/01	SMP BAS lodgment included ITC on infrastructure charge for April raised in May.	(9.00)			9.00
	PHO BAS lodgment including GST paid on infrastructure charge.	9.00		(9.00)	
21/6/01	SMP payment of an amount equivalent to their GST Net Amount to No 1 Account	9.00	64.00		0
	PHO draws an amount from No 1 Account to pay debtor of 1/11 th of infrastructure charge for May	(9.00)	55.00	0	
30/6/00	PHO calculation of remainder of infrastructure charge (i.e. balance of No 1 Account) plus GST. Raise a tax invoice.				
2/7/01	PHO calculation of June Receipts	100.00	155.00		
	PHO calculation of June infrastructure charge plus GST. Draw 10/11 th of total	(90.00)	65.00		
	PHO payment of drawings to SMP	(5.00)	60.00		
	PHO withdraws annual infrastructure charge from No 1 Account and pays in	(60.00)	0	6.00	

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
	accordance with procedures. PHO provides a copy of the tax invoice to the SMP				
	Raise a tax invoice for the infrastructure charge for the month of May (raised in June) and provide billing information for June.				
7/7/01	SMP BAS lodgment included ITC on infrastructure charges for May raised in June and annual infrastructure charge.	(15.00)			15.00
	PHO BAS lodgment including GST paid on monthly and annual components of infrastructure charge.	15.00		(9.00)	
21/7/01	SMP payment of an amount equivalent to their GST Net Credit for monthly and annual components of infrastructure charge to No.1 Account	15.00	15.00		0
	PHO draws an amount from No1 Account to pay debtor of 1/11 th of infrastructure charge for June and for annual component. The annual component is paid to No 2 Account.	(15.00)	0	0	
2/8/01	Raise a tax invoice for the infrastructure charge for the month of June (raised in July)				

Date	Transaction	Amount	No 1 A/c Balance	PHO Account GST Balance	SMP Account GST Balance
7/8/01	SMP BAS lodgment included ITC on infrastructure charges for June raised in July.	(9.00)			9.00
	PHO BAS lodgment including GST paid on June.	9.00		(9.00)	
21/8/01	SMP payment of an amount equivalent to their GST Net Credit to No.1 Account for June and annual infrastructure charges	9.00	9.00		0
	PHO draws an amount from No1 Account to pay debtor of 1/11 th of infrastructure charge for June	(9.00)	0	0	

Annexure 1: Sample Tax Invoices

Sample Tax Invoice for the First Arrangement

XXXX HEALTH SERVICE

ABN: 12 345 678 910

Revenue Dept., Locked Bag xxxx, Sydney, NSW 2170 AUSTRALIA
Telephone: (02) xxxx xxxx • Fax: (02) xxxx xxxx

TAX INVOICE NO: 090002 / SS **DATE:** 31-Oct-00

TO: Dr. XXXX
(Address of Dr as advised)

<u>For the Period</u> : 01/07/00 to 30/09/00	Amount
Infrastructure Charge for the Period	2,300.00
Goods and Services Tax on Infrastructure Charge	230.00
Total Infrastructure Charge for Period:	<u>\$2,530.00</u>

To be provided to the SMP on a separate sheet to the tax invoice above

Supporting Information for Business Activity Statement

1. Accrual Information:

1.1 Gross Patient Fees Raised for the Period (GST-free Supply)	11,000.00
1.2 Bad Debts Written Off	-(100.00)
1.3 Interest Earned on No 1 Account (Input Taxed Supply)	600.00
1.4 Fees Raised for Medical Reports Prepared (Taxable Supply) (Note : GST Payable on these Fees = 100.00)	1,100.00
Total Revenue for Accrual Purposes = 1.1+1.2+1.3+1.4	12,600.00

2. Cash Information:

(a) Cash Received

2.1 Gross Patient Fees Received in the Period (including bad debts recovered) (GST-free Supply) (exclude any amounts for services rendered prior to 1 July, 2000)	10,500.00
2.2 Interest Received on No 1 Account in the period (Input Taxed Supply)	500.00
2.3 Fees Received in the period for Medical Reports Prepared (including bad debts recovered) (Taxable Supply) (exclude any amounts for services rendered prior to 1 July, 2000) (Note : GST Payable on these Fees = 100.00)	1,100.00
Total Receipts for Cash Purposes = 2.1+2.2+2.3	12,100.00

(b) Cash paid

2.4 Amounts withdrawn in the period from No 1 Account for Monthly Infrastructure Charges (includes GST)	2,530.00
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3. Other Information

3.1 Notional Annual Infrastructure Charge for the period (for PAYG instalment information only)	2,132.00
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3.2 Drawings paid to you in the Period (Note this equals Total Cash Receipts less 2.4 & 3.1)	7,438.00
<u>4. Amount to be deducted from your future drawings</u>	130.00

Assumptions/Notes

General assumptions

This example is based on information for a Senior Medical Practitioner (SMP) with the following circumstances:

- the SMP is an individual who is not in Private Practice Partnership
- the infrastructure charge is less than 90% of cash received
- the information in the tax invoice and supporting information is for the first quarter following the introduction of GST i.e. 01/07/00 – 30/09/00
- the infrastructure charge is 20%
- the infrastructure charge is calculated on cash received in the period for gross patient fees, medical report fees (on a GST-exclusive basis) and bad debts recovered
- the drawings calculation is based on the Determination and Level election of SMP (in this example, \$7,438).

Item 2.4 Amounts withdrawn from No 1 Account for monthly infrastructure charges

In this example, total cash paid by the SMP to the AHS in the period includes the full amount of the 3 months' worth of monthly infrastructure charges (11/11ths).

In other circumstances, the cash paid may only be 10/11ths of the infrastructure charge and, potentially, additional amounts owing from prior months.

Item 4: Amount to be deducted from your future drawings

In the circumstances of a Private Practice partnership with an infrastructure charge of less than 90% or SMPs with an infrastructure charge of 90% or greater (regardless of whether they are in a partnership), this amount will be the amount to be paid by the partnership or the individual SMP into the No 1 account rather than a reduction in drawings.

The wording at Item 4 of the supporting information will need to be changed from the example where this is the case.

In this example, the drawings deduction amount of \$130 is derived as the difference between the SMP input tax credit of \$230 (that is, the same amount as the goods and services tax payable by the AHS in respect of the infrastructure charge shown on the tax invoice) and the SMP GST payable on medical reports of \$100 (shown at Item 2.3).

Invoice for the Second Arrangement (i.e. ongoing)

XXXX HEALTH SERVICE

ABN: 12 345 678 910

Revenue Dept., Locked Bag xxxx, Sydney, NSW 2170 AUSTRALIA
Telephone: (02) xxxx xxxx • Fax: (02) xxxx xxxx

TAX INVOICE NO: 090002 / SS **DATE:** 31-Dec-00

TO: Dr. XXXX
(Address of Dr as advised)

<u>For the Period : 01/12/00 to 31/12/00</u>	<u>Amount</u>
Infrastructure Charge for the Period	210.00
Goods and Services Tax on Infrastructure Charge	21.00
Total Infrastructure Charge for Period:	\$ 231.00

To be provided to the SMP on a separate sheet to the tax invoice above

Supporting Information for Business Activity Statement

(Information for the Month of December)

1. Accrual Information:

1.1 Gross Patient Fees Raised for the Period (GST-free Supply)	1000.00
1.2 Bad Debts Written Off	(10.00)
1.3 Interest Earned on No 1 Account (Input Taxed Supply)	10.00
1.4 Fees Raised for Medical Reports Prepared (Taxable Supply) (Note : GST Payable on these Fees = 10.00)	110.00
Total Revenue for Accrual Purposes = 1.1+1.2+1.3+1.4	1,110.00

2. Cash Information:

(a) Cash Received

2.1 Gross Patient Fees Received in the Period (including bad debts recovered) (GST-free Supply) (exclude any amounts for services rendered prior to 1 July, 2000)	950.00
2.2 Interest Received on No 1 Account in the period (Input Taxed Supply)	10.00
2.3 Fees Received in the period for Medical Reports Prepared (including bad debts recovered) (Taxable Supply) (exclude any amounts for services rendered prior to 1 July, 2000) (Note : GST Payable on these Fees = 10.00)	110.00
Total Receipts for Cash Purposes = 2.1+2.2+2.3	1,070.00

(b) Cash paid

2.4 Amounts withdrawn in the period from No 1 Account for Monthly Infrastructure Charges	240.00
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3. Other Information (for PAYG instalment information only)

3.1 Notional Annual Infrastructure Charge to date 2,132.00

3.2 Drawings paid to you in the Period 600.00

4. Amount to be deducted from your future drawings 51.00

Assumptions/Notes

General assumptions:

This example is based on information for a Senior Medical Practitioner (SMP) with the following circumstances:

- the SMP is an individual who is not in Private Practice Partnership
- all calculations are performed on cash received during the month rather than billings raised
- the infrastructure charge is 20%, i.e. less than 90% of cash received

Notes:

- the infrastructure charge is calculated on cash received in December for gross patient fees, medical report fees (on a GST-exclusive basis) and bad debts recovered. Amounts of GST and interest should not be included in the calculation of the infrastructure charge
- the drawings calculation is based on the Determination and Level election of SMP less any amounts deductible from previous months.
- where an invoice is for a private practice partnership, the invoice and the supporting information will be provided as a consolidation of all amounts pertaining to the partners (based on the partner information provided by the partnership to the PHO). That is only one tax invoice and schedule needs to be prepared consolidating the information for the individual SMPs making up the partnership;
- where an invoice relates to an infrastructure charge that was calculated and paid after month end, the tax invoice will contain information which has been calculated on the billing month (the 1st month), but will indicate that it has been raised and billed in the following month (the 2nd month). All supporting information will pertain to the 2nd month – not the 1st month. This invoice and supporting information will be provided within two (2) days of the end of the 2nd month (i.e. in the 3rd month).

Other points have been referenced to their item number on the supporting information schedule:

1. Accrual information is provided for the benefit of SMPs who account for GST on an accruals basis. No information on cash amounts paid out is provided for accruals purposes, as SMPs who account for GST on an accruals basis claim an input tax credit on the entire amount of the infrastructure charge as it appears on the tax invoice;
2. Cash information is provided for the benefit of SMPs who account for GST on a cash basis;
 - 2.1 As patient fees received can include amounts invoiced prior to the commencement of GST (i.e. 1 July, 2000), these amounts must be excluded from the information reported. However, these amounts should still be incorporated into the calculation of the infrastructure charge;
 - 2.2 As fees received for medical reports can include amounts invoiced prior to the commencement of GST (i.e. 1 July, 2000), these amounts must be excluded from the information reported. However, these amounts should still be incorporated into the calculation of the infrastructure charge. As stated previously, the amount of GST included in these fees must be excluded from the calculation of the infrastructure charge;

- 2.3 This sample invoice assumes that only 10/11th of the infrastructure charge for December(\$210.00) and the final 1/11th of the November infrastructure charge (\$30.00) were recovered during December. In some cases, a PHO will be able to recover the full 11/11th of an infrastructure charge in one month as well as an amount carried forward from previous months. Therefore, this amount may appear to be higher than the amount of the infrastructure charge that appears on the tax invoice. This item and its amount will need to be adjusted to reflect the payment of the annual component of the infrastructure charge in the periods when they occur.
3. This information is provided to assist SMPs in their calculation of their net income for the purposes of determining any income tax instalments. It has no GST relevance.
- 3.1 The notional annual infrastructure charge to date should be the current balance of funds “belonging” to an SMP the No 1 Account after accounting for monthly infrastructure charges, drawings and any amounts outstanding. Note where these funds have been used for supplementation and the amount is a negative, this should be recorded as “0” until such time as the funds come back into credit.
- 3.2 This amount represents the amount of drawings paid to an SMP during the period. It should be calculated as being the drawings payable based on the percentage relevant to their Level less any amounts of net GST credits outstanding and currently recoverable (i.e. due for payment by the SMP) to the No 1 Account.
4. In this example, the December information is based on the amounts outstanding for the entire quarter (i.e. October-December) the drawings deduction amount of \$51 is derived as the difference between SMP input tax credits for the quarter of, say, \$71 (that is, the total of amounts of the GST payable by the AHS in respect of the infrastructure charge shown on this tax invoice [\$21] plus the amounts shown on the previous two tax invoices [say \$50]) and the SMP GST payable on medical reports of \$10 (shown at Item 2.3) plus say \$10 GST payable on medical reports from statements from the previous two months which go to making up the quarter.

In the circumstances of a Private Practice partnership with an infrastructure charge of less than 90% or SMPs with an infrastructure charge of 90% or greater (regardless of whether they are in a partnership), this amount will be the amount to be paid by the partnership or the individual SMP into the No 1 account rather than a reduction in drawings. Where this is the case, the wording at Item 4 of the supporting information will need to be changed from the example to reflect that this amount is payable to the No 1 Account by the SMP.

It is possible, that where amounts have not been paid into the No 1 Account by their due date, the supporting information may need to reflect both drawings recovery and amounts payable.