

From: [Sarah Raphael](#)
To: [Portfolio Committee 1](#)
Cc: [John Burns](#)
Subject: CM: FW: Response to Portfolio Committee
Date: Tuesday, 29 April 2025 3:44:52 PM
Attachments: [image001.png](#)
[image002.png](#)
[Pacific Smiles - Payroll Tax Announcement \(14 June 2023\).pdf](#)
[Pacific Smiles - Payroll Tax Announcement \(16 May 2023\).pdf](#)

Dear Ms Evans,

Responses to questions on notice

Thank you once again for the opportunity to attend the NSW Government payroll tax inquiry. We appreciated the opportunity to discuss our concerns with the current state of the application of the payroll tax legislation and the uncertainty it is causing for the dental industry.

As requested in your email on 9 April 2025:

- we confirm that we do not require any transcript corrections; and
- we provide the following responses to the questions notice and the supplementary request for information.

Questions on notice:

1. Question from Sarah Kaine (page 15 of transcript): Breakdown of number of businesses that are bigger end, multiple operators – that collective model – and how many are that more traditional breakdown. How many dentists would you need in a practice to get over the \$1.2 million threshold?

Response: We have consulted with Dr Dominic Aouad (President of the NSW Branch of the Australian Dental Association) to attempt to provide some helpful information in response to these questions.

The ADA NSW share the same view as us which is that clinics with three or more dentists operating on a 5 day per week basis are likely to exceed the \$1.2 million payroll tax.

This threshold would be met when combining amounts remitted to dentists with the salary and wages of the support staff composition required to support those dentists (which would typically include a practice manager, receptionist and a dental assistant for each dentist).

Based on the ADA NSW's analysis, they estimate that there are over 500 such clinics operating across NSW, including both general and specialist clinics.

2. Question from Damien Tudehope (page 16 of transcript): How many dentists are currently the subject of audits?

Response: We are not aware of dentists who are currently the subject of audits as this is not information that the ADIA or the Dental Service Business Council is privy to. The NSW State Revenue Office would be better placed to answer this question as the body which undertakes audit activity.

3. Question from Damien Tudehope (page 16 of transcript): Are you aware of any circumstances where dentists have been audited and have been the subject of retrospective tax?

Response: Dentists (and other business owners) are typically reluctant to publicly disclose that they are subject to an audit or have been subject to retrospective tax. The NSW State Revenue Office would be better placed to provide data in response to this question.

However, we note there is one public example of an audit of a dental clinic operator in NSW where retrospective tax was applied. This involved the Pacific Smiles Group which is listed on the ASX and was therefore required to publicly disclose to shareholders that it was subject to a payroll tax audit given this could potentially have a material impact on the price of Pacific Smiles shares. The outcome of the audit involved Pacific Smiles having to pay retrospective payroll tax. We have included the ASX announcements issued by Pacific Smiles in 2023 in relation to this audit.

4. Question from Damien Tudehope (page 16 of transcript): Do you have any data relating to how many have been audited and who would be the subject to retrospective tax?

Response: We do not have access to this information. The NSW State Revenue Office would be better placed to provide this information.

Supplementary Question:

1. What communications (including letters, emails and meetings) have you had with NSW Government Ministers and/or Ministerial staff on payroll tax issues since 2017?

The primary communications between members of the Dental Service Business Council and NSW Government Ministers and/or Ministerial staff on payroll tax issues occurred in 2023. The members of the group, represented by GRACosway at the time, arranged the following meetings to discuss the members' concerns regarding payroll tax:

- Monday 7 August 2023, 4pm – Scott Johnston Chief Commissioner of State Revenue, Commissioner of Fines Administration, Deputy Secretary; Cullen Smythe, Executive Director, Technical Advisory Services, Commissioner of State Revenue
- Tuesday 15 August 2023, Noon – Hon Matt Kean, Shadow Health Minister
- Tuesday 15 August 2023, 2pm – Bill Hawker, Policy Advisor to the Health Minister
- Tuesday 15 August 2023, 4pm – Hon Damien Tudehope, MLC, Shadow Treasurer
- Monday 23 October 2023, (no time listed) – Amanda Cohn, MLC (Greens Spokesperson for Health).

Please do not hesitate to contact us if you require any further information.

Sarah Raphael and John Burns

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