

PARLIAMENTARY INQUIRY QUESTION ON NOTICE

Department of Health and Aged Care

Senate Standing Committee on Community Affairs Legislation Committee

Inquiry into the Aged Care Bill 2024 (Provisions)

21 October 2024

PDR Number: IQ24-000177

IHACPA payroll tax

Spoken

Hansard page number: 20

Senator: Marielle Smith

Question:

How does IHACPA treat payroll tax in determination of pricing

Answer:

In May 2023, IHACPA received advice from the Department of Health and Aged Care that the Commonwealth will not pay providers specifically for the effect of state payroll taxes. This aligns with the Commonwealth of Australia Constitution Act 1900, which states that the legislative powers of the Parliament cannot discriminate between States or parts of States, with respect to taxation.

As payroll tax is a state-based levy and applies variably across providers and jurisdictions, it is currently out-of-scope for IHACPA's pricing advice for residential aged care and the Support at Home service list. Payroll tax is removed from the datasets used by IHACPA to develop its pricing advice, including, but not limited to, the Aged Care Financial Report and the Residential Aged Care and Support at Home Cost Collections.