

# The Consultative Committee of Accountancy Bodies-Ireland

Chartered Accountants Ireland  
The Association of Chartered Certified Accountants  
The Chartered Institute of Management Accountants  
The Institute of Certified Public Accountants in Ireland

Taoiseach Leo Varadkar TD  
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Dublin 2,  
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22 September 2023

By email: [taoiseach@taoiseach.gov.ie](mailto:taoiseach@taoiseach.gov.ie)

Dear Taoiseach,

We are writing to you to highlight significant concerns that the CCAB-I has about the tax treatment of General Medical Services (GMS) income of General Practitioners (GPs) which will change dramatically from 1 January 2024. The CCAB-I and other bodies have been discussing this matter with Revenue over the past two years through the Tax Administration Liaison Committee forum. However, the solution proposed by Revenue has a number of practical difficulties.

By way of background, the parties to the GMS contract are the HSE, as purchaser, and individual GPs, as service providers. An important feature of the GMS contract is its “practice-wide scope.” In multi-partner practices, it is only necessary for one GP to hold a GMS contract in order for all of the GPs in the practice to treat public patients, be they principals/partners in or employees of the medical practice.

On this basis, over the years, GMS income earned by the GPs in a practice has been treated as the income of the practice and has been allocated, together with the attaching professional services withholding tax (“PSWT”), to the practice principal or between the practice partners based on their agreed profit-sharing ratio. GPs would mandate that GMS payments are paid to a medical practice in circumstances where:

- a) the GP is employed by the medical practice concerned and receives a salary from that practice, which is payable subject to PAYE, or
- b) the GP is a partner in the medical practice concerned and receives a share of the partnership profits.

Following a determination by the Tax Appeals Commission in 2022 (01TACD2022) which found that a GMS contract is entered into between the HSE and the treating GP, Revenue has stated that:

“As a matter of law, payments made to a GP under a GMS contract belong to the GP who has entered into that contract with the HSE. This position does not change because the payments are mandated to be paid to another person, such as a medical practice. There is no legal basis for

Revenue to treat income belonging to an individual GP to be income of another person/medical practice for tax purposes. Therefore, from 1 January 2024 a GP who holds a GMS contract—

1. is a chargeable person as regards income arising under the contract and should report that income under the self-assessment system, and
2. is the specified person for the purposes of PSWT and, therefore, is the person who may, where the relevant criteria are met, claim a credit for PSWT deducted on a GMS payment. A credit may not be claimed by any other person, including a medical practice.”

There is deepening concern within the medical community that this approach goes completely against the Primary Care/Partnership GP model that the HSE and government are advocating.

Taxing the GMS income of the treating GPs in this manner does not make provision for the practice-wide scope of the GMS contract and will result in complex administrative procedures for medical practices where income is allocated between GPs and the practice depending on who treats certain categories of patient.

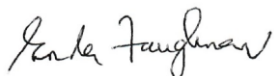
On a practical level, GPs with a GMS contract in their own name and that are employed by medical practices will also sustain additional tax administration. Previously these employees were simply subject to PAYE on their salary. Now, as chargeable persons for income tax purposes because they are in receipt of GMS income, they will be subject to self-assessment, required to file income tax returns and pay preliminary tax, while at the same time continuing as an employee of the practice. They may also be exposed to the 3 percent USC surcharge as self-employed individuals. In a sector experiencing significant capacity constraints, there is concern that this administrative challenge will act as a deterrent to GP participation.

In light of the above, CCAB-I requests that the tax treatment of income earned under contract by individuals acting on behalf of a practice be assessed on the principal or partners of the practice.

Revenue requires this approach to take effect from 1 January 2024, coinciding with the proposed commencement date for the new Enhanced Reporting Requirements for employers which is already anticipated to increase employers' administration costs and be overly onerous on employers.

We would be pleased to discuss this with you further and look forward to hearing from you in due course.

Yours sincerely,



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Enda Faughnan  
*Chair, CCAB-I*