

ezytax
BLUE

chapter 5
medicare



CHAPTER 5 – MEDICARE LEVY

ITEM M1 – MEDICARE LEVY

An individual who is a resident of Australia at any time during the income year is liable to pay Medicare Levy based on their **taxable income**.

Normally, Medicare Levy is calculated at 2% of the taxable income.

The employer deducts PAYG Withholding Tax and the Medicare Levy from the gross pay and then is required to remit the total to the ATO. The Medicare Levy is not shown separately on the taxpayer's pay slip or PAYG Payment Summary but is shown separately on the Tax Assessment Notice.

Example.....

For the 2022-2023 income year taxpayer has a taxable income of \$46,000. Medicare for 2022 – 2023 income tax year is \$46,000 x 2.0% = \$920.

LOW INCOME EARNERS AND MEDICARE

Medicare Levy is not payable below certain income thresholds. The income thresholds are based on taxpayer's taxable income. Different income thresholds apply for:

- low income earners
- persons who qualify for the Senior Australian and Pensioners tax offset

The taxpayer may also pay no levy where they have a spouse and/or dependents on the last day of the year of income and family income is less than the family income threshold. Different family income thresholds apply for:

- people who qualify for the SAPTO, and other people who have a low family income.

There is a shading-in range above each income threshold.

If your income, or your family income is...	Then you...
Below or equal to the threshold	Pay no levy
Within the shading in range	Pay a reduced levy.
Above the upper income limit of shading in range	Do not qualify for a reduced levy

The family income threshold works as a concession to the taxpayer's taxable income

threshold for Medicare Levy purposes. So, if they do not pay any levy as a result of their own taxable income, the family income threshold test cannot apply to deny them that concession.

LEVY REDUCTIONS

A reduction is NOT an exemption to the levy. It is based on taxable income.

Low income earners – no levy is payable on the 2023 taxable income below \$23,226. Only **part** of the Medicare levy if taxable income is between \$23,226 and \$29,032. Those entitled to SAPTO the range is \$36,705 and \$45,881.

Married/De facto – No levy is payable if the 2023 FAMILY INCOME is below \$29,032. Only **part** of the Medicare levy if taxable income is between \$29,032 and \$48,092 or if the taxpayer was eligible for the seniors and pensioners tax offset \$62,738. This threshold increases by \$4,416 for every dependent child.

MEDICARE LEVY THRESHOLD FOR LOW INCOME EARNERS FOR 2022

The low income Medicare levy threshold is \$23,226. The levy shades in at the rate of 10 cents for every dollar between \$23,226 and \$29,032. If income is over \$29,032 they pay 2% of their total taxable income.

Taxable Income	Rate of Medicare Levy
\$1- \$23,226	0
\$23,226 to \$29,032	10% of the difference between your taxable income and \$23,226
\$29,032 and over	2% of your Taxable income

Medicare levy reduction based on family income

To be eligible for a reduced levy based on family income, the taxpayer must be in one of the following categories:

- they had spouse (married or de-facto) on 30 June
- their spouse died during the income year and they had not re-married by 30 June
- they are entitled to a child-housekeeper or housekeeper tax offset or would be entitled if they did not qualify for the family tax benefit, or
- they were a sole parent at any time during the income year. They were a sole parent if at any time during the income year they had sole care of any dependent children or students. This includes any child for whom they had sole care, not just their own child.

NOTE: If the taxpayer and their spouse were separated on 30 June, then they will not be considered to have spouse at 30 June.

FAMILY INCOME

Family income is the combined taxable income for taxpayer and their spouse-married or de-facto. If the taxpayer did not have a spouse, it is their taxable income. Family income does not include children's income.

Example.....

*Ethan's taxable income is \$25,000
Josephine's taxable income is \$580 (consisting of interest only)
Travis their son who earns \$500 (mowing lawns)
Therefore the family income is \$25,580.*

A DEFINITION OF DEPENDANT

A person is classed as a dependent of a taxpayer when the taxpayer provides food, clothing and housing and pays for living expenses e.g. Educational. **The dependent must be a resident or classed resident of Australia.**

A dependent can be:

- The taxpayer's spouse- married or de facto
- A student who is under 25 year and is a full-time student at school, college or university
- A child under 21
- A child housekeeper- the taxpayer's child of any age who works full time keeping their house
- An invalid relative
- The taxpayer's parents or spouse's parents

To claim a dependent you will also have to look at their income to determine if they are dependent for tax purposes. To determine if a dependent is a dependent for tax purposes it is usually based on their Separate Net Income (SNI). Below is a table of Medicare Income Thresholds and Ranges

2022 INCOME THRESHOLD AND SHADING-IN RANGES FOR LOW INCOME EARNERS

2021-22 Medicare levy low-income thresholds

Category of taxpayer	No levy payable if taxable/family income does not exceed	Shading in Range	Ordinary rate of levy payable if taxable/ family income exceeds
Individual taxpayer	\$23,365	\$23,365 to \$29,207	\$29,207
Individuals entitled to se-	\$36,925	\$36,925 – \$46,157	\$46,157

niors and pensioners tax offset			
Families	\$39,402	\$39,402 - \$49,252	\$48,092
Families entitled to seniors and pensioners tax offset	\$51,401	\$51,401 - \$64,251	\$64,251

NOTE:

- Each dependant child or student increases the family income thresholds by a further \$3,619.
- For a taxpayer with a spouse as at the 30 June, the taxable income of the spouse is needed.
- A taxpayer who separated from his spouse & children on the 30 May would be ineligible to claim a family reduction (if the spouse dies during the year the family reduction still apply).
- If both taxpayer are liable for the Medicare levy (both their incomes are over \$24,276) and there combined incomes are in the “shading in range” the levy reduction must be apportioned according to their relevant incomes.
- If one partner does not need their entire share of the reduction it may be transferred to the other partner.

The calculation of the Medicare Levy for family reduction can be quite complex.

For the taxpayer to receive a family reduction of Medicare you MUST complete M1 number of dependent children and Spouses Details on the tax return.

MEDICARE LEVY EXEMPTIONS

An exemption from the levy is available to taxpayers who qualify as a prescribed person.

They include:-

- Members of the Defence Forces (they are covered by the services who pay all relevant medical expenses)
- Members of the Defence Force Reserves (for the number of days served)
- Persons who are entitled to free medical expenses under Veteran's Affairs
- A person who qualifies a non resident for tax purposes
- A person who qualifies for sickness benefit or a blind pension – who hold a non income tested health card
- From 1/1/99 Australian WWII veterans over age 70
- For other exemptions see the ATP

A taxpayer who is a prescribed person for part of the year will be able to claim the

exemption (full or half) for the relevant number of days.

The taxpayer's entitlement to an exemption may be affected if they have any dependents who are not also prescribed persons.

A dependent means:

- The taxpayer's spouse (married or de facto) for the relevant period during the income year.
- Any child of taxpayer's less than 21 years for any part of the income year.
- A child of the taxpayer's, aged between 21 and 25, who was receiving full time education and whose separate net income was less than \$1,786.

FULL LEVY EXEMPTION

If the taxpayer is in an exemption category and...

- have no dependents, or
- all their dependents are also in an exemption category, or
- their only dependent was their spouse who was not in an exemption category and has to pay the Medicare levy, or
- they had dependent children who were not in an exemption category but were also dependents of their spouse who has to pay the Medicare levy, or
- they had dependent children who were not in exemption category but were also dependents of their spouse who was also in an exemption category AND they have completed a Family Agreement declaring that their spouse will pay the half levy for their joint dependents.

Examples.....

Joseph and his wife migrated to Australia on 1 June 2013. They have certificates from the Levy Exemption Certification Unit of the Health Insurance Commission showing that they are not entitled to Medicare benefits for the year ended 30 June 2013. Both of them will be fully exempt from the Medicare levy. Each is a prescribed person with a dependent who is a prescribed person.

Example

MEDICARE

Levy Exemption Certification Unit
242 Liverpool Street (GPO Box 9822)
Hobart, Tasmania 7001
Tel: 1300 300 271
Fax: (03) 621 55632
www.hic.gov.au

In reply please quote Application 118352

Medicare Levy Exemption Certificate

I refer to your application for a Medicare Levy Exemption Certificate.

This Certificate hereby certifies that you and your dependents were not entitled to Medicare benefits for the following period/s:

01/07/2017 to 30/06/2018

This Certificate is evidence of non-entitlement to Medicare benefits for taxation purposes.

The above information can be used to calculate the number of days you are entitled to an exemption to the Medicare Levy.

If you are required to further information about his matter, please telephone 1300 300 271 or write to this office quoting the application number above.

Yours sincerely,

- ***Ben is a mechanic in the Army for the entire income year and he is entitled to free medical treatment. His taxable income is \$35,000. His wife is a civilian, earns \$37,000 and does not fall within one of the exemption categories. They have no children. For Medicare levy purposes, the taxpayer's spouse is not a dependent of the taxpayer because she is required to pay Medicare levy on her taxable income. Therefore he is fully exempt from the Medicare Levy.***
- ***Alice is blind pensioner for the whole of the income year and her taxable income is \$22,000. Her husband, who is not in an exemption category, has a taxable income of \$37,800. They also have dependents who do not fall within any of the exemption categories. For Medicare levy purposes, a spouse is not a dependent of the taxpayer because he is required to pay Medicare levy on his taxable income. The children are considered to be solely dependents on the spouse. Therefore the taxpayer is fully exempt from the Medicare Levy.***

HALF LEVY EXEMPTIONS

This applies when one of the taxpayer's dependents is NOT a prescribed person, and is not liable for the Medicare Levy.

Example.....

Biggles is a pilot in the Air Force for the entire year ended 30 June 2018 and is entitled to free medical treatment. His taxable income is \$65,000. He has a dependent wife whose taxable income is \$12,000 and three dependent children. His wife and children do not fall within any exemption categories.

The spouse's taxable income is below the Medicare low-income threshold. As the taxpayer's dependents do not pay Medicare the taxpayer is liable to pay half the Medicare levy calculated as follows:

$$\frac{1}{2} \times (\$65,000 \times 2\%) = \$650.00$$

Where both partners qualify as a prescribed person and they have dependent children one the partner's must pay half the levy (for the dependent children). An agreement must be signed by the parties to determine which partner will pay.

Example.....

Ken and Amanda are both defence force members for the whole of 2017-2018 year. They are entitled to free medical treatment. Ken has a taxable income of \$75,000 and Amanda has a taxable income of \$40,000. They have two dependent children who do not fall within one of the exemption categories.

Before Ken lodges his tax return, he enters into a family agreement with Amanda that indicates for the purpose of the Medicare Levy their two children are dependents of Amanda.

Ken therefore will be exempt from the Medicare levy.

Amanda will therefore be exempt from half of the Medicare levy.

$$\frac{1}{2} \times (\$40,000 \times 2\%) = \$400.$$

MEDICARE ACTION

Normally for Medicare levy to be assessed there is no necessity to do anything. It is automatically calculated on the Taxable Income by the ATO and shown separately on the Assessment Notice.

REDUCTION

For the ATO to calculate the correct reduction it is necessary to fill in the number of children at the Medicare levy section (M1) and the spouse details section on the Tax Return.

EXEMPTION

For the exemption to apply the number of days needs to be filled in at either the full or half Medicare Levy section on the Tax Return at M1.

SUMMARY OF INFORMATION REQUIRED:

- Individual taxpayer with taxable income below \$23,365 – no action required

ITEM M2 – MEDICARE LEVY SURCHARGE

From 1 July 1997, higher income individuals and families who do not have private patient hospital cover pay an extra amount depending on their taxable income for the Medicare levy surcharge. This is in addition to the normal 2 per cent Medicare levy.

The taxpayer will have to pay Medicare levy surcharge if they and all their dependents do not have private patient hospital cover. The rates are as follows:

	Unchanged	Tier 1	Tier 2	Tier 3
Singles	\$90,000 or less	\$90,001-105,000	\$105,001-140,000	\$140,001 or more
Families*	\$180,000 or less	\$180,001-210,000	\$210,001-280,000	\$280,001 or more
Rates	0.00%	1.00%	1.25%	1.50%

*The taxpayer is considered to be a family if they have:

- a spouse; or
- any dependent children; or
- a spouse and dependent children.

A person whose spouse died during the income year – and who does not marry again before the end of that year – is taken to have a spouse from the date of death until the end of income year.

A family includes a sole parent with a dependent child or children.

The family income threshold increases by \$1,500 for each dependent child after the first – see the family threshold table below.

Family threshold table	
Number of dependent children	Income threshold
0-1	\$180,000.00
2	\$181,500.00
3	\$183,000.00
4	\$184,500.00
>4	\$184,500 plus \$1,500 for each additional dependent child

For the purpose of the Medicare Levy Surcharge, it is not just taxable income as for Medicare, it is adjusted as follows:

Taxpayer:

- Taxable income of taxpayer
- Reportable fringe benefits
- Exempt foreign employment income
- Net amount on which family trust distribution tax has been paid (A3)
- Less component of an ETP which has zero rate of tax.

Taxpayer's Spouse:

- Taxable income of spouse
- Reportable fringe benefits
- Net amount on which family trust distribution tax has been paid

Medicare levy surcharge is calculated on that adjusted figure.

Example.....

Terry's taxable income is \$97,500. He is single and has no dependents and doesn't have private patient hospital cover. Terry is liable for additional 1 per cent Medicare levy surcharge as his taxable income is greater than the \$84,000 threshold.

Terry's total Medicare Levy liability will be:

<i>Medicare Levy- 2% of \$97,500</i>	<i>\$1,950.00</i>
<i>Medicare Levy surcharge- 1% of \$97,500</i>	<i>\$ 875.00</i>
<i>Total Medicare Levy payable</i>	<i>\$2,825.00</i>

Private patient hospital cover – for Medicare levy surcharge purpose – is a health insurance policy that covers at least some of the fees and charges for treatment in an Australian hospital.

Cover for ancillary benefits does not constitute private patient hospital insurance.

Example.....

George and Mildred are married and have no dependent children. George has private patient hospital cover but Mildred does not. George's taxable income is \$130,000 while Mildred's is \$60,000. Both George and Mildred have to pay the additional 1 per cent Medicare levy surcharge as their combined taxable income is over the \$180,000 threshold. Even though George has private patient hospital cover he will still have to pay the Medicare Levy Surcharge because Mildred - his dependent is not covered.

George's total Medicare levy liability will be:

<i>Medicare levy- 2% of \$130,000</i>	<i>\$ 2,600</i>
<i>Medicare levy surcharge- 1% of \$130,000</i>	<i>\$ 1,300</i>
<i>Total Medicare levy payable</i>	<i>\$ 3,900</i>

Mildred's total Medicare levy liability will be:

<i>Medicare levy- 2% of \$60,000</i>	<i>\$ 1,200</i>
<i>Medicare levy surcharge- 1% of \$60,000</i>	<i>\$ 600</i>
<i>Total Medicare levy payable</i>	<i>\$ 1,800</i>

ADJUSTED TAXABLE INCOME

Your income for surcharge purposes includes your:

- modified taxable income
- reportable fringe benefits, as reported on the payment summary
- total net investment loss
- reportable super contributions.

We will use your income for surcharge purposes to work out whether you have exceeded the Medicare Levy Surcharge threshold.

M2 Medicare levy surcharge (MLS)

THIS ITEM IS COMPULSORY
If you do not complete this question you may be charged the full Medicare levy surcharge.

For the **whole** period 1 July 2019 to 30 June 2020, were **you** and **your** dependants (including your spouse) - if you had any - covered by private patient HOSPITAL cover? **E** **N** ...

If Yes, you must complete Private Health insurance policy details.

For calculation of estimate only

Days exempt from Medicare	<input type="checkbox"/>
Days under MLS threshold	<input type="text" value="366"/>
Days in fund	<input type="checkbox"/>
Days otherwise not liable	<input type="checkbox"/>
Less: Days exemptions overlap or are otherwise n/a	<input type="checkbox"/>

Number of days **NOT** liable for surcharge **A**
Maximum number of days for 2020 is 366

Number of dependent children **D**

If you had a spouse, you must complete Private Health insurance policy details.

For Part Year Spouse only

Number of days you had a spouse	<input type="checkbox"/>
No. of children remaining with taxpayer	<input type="checkbox"/>

1. **Medicare** tab > **M2** > label '**D**' enter number of dependent children.

Prefill will show Private Hospital Insurance:

2019-20 MEDICARE LEVY SURCHARGE as at 13 July 2020

- The start and end date is the period your client had private patient hospital cover. In calculating the number of days covered you first need to check if all of their dependants, including their spouse, also had an appropriate level of private patient hospital cover for the income year. This information will then be used to determine your client's [Medicare levy surcharge](#) liability.

Health insurer ID	Health insurer name	Membership number	Start date	End date
CBH	CBHS HEALTH FUND LIMITED	75551	01/07/2019	30/06/2020

2019-20 PRIVATE HEALTH INSURANCE POLICY DETAILS as at 13 July 2020

- From 1 July 2019, health insurers are no longer required to send a private health insurance statement to their clients, unless their client requests one. For more information, go to [Your Private Health Insurance Statement](#).

Health insurer ID	Health insurer name	Membership number	Your premiums eligible for Australian Government rebate	Your Australian Government rebate received	Benefit code
CBH	CBHS HEALTH FUND LIMITED	75551	\$1,014.00	\$254.00	31
CBH	CBHS HEALTH FUND LIMITED	75551	\$3,381.00	\$847.00	30

(H) Private health insurance policy details

You must provide the details of the policy (or policies) by referring to your private health insurance statement(s).

If the premiums for your 2019-20 policy were paid in a previous financial year, for a correct estimate key a zero at Label J and K to avoid a reduced rebate

Press Enter to open the Private health insurance details (schedule phi)



Goto (F2)

Private Health Insurance Policy Details

You must read **Private health insurance policy** in the tax return instructions before completing this item.
Fill all the labels below unless directed in the instructions.

For a correct calculation of the PHI rebate or Reduced rebate you must complete all details from the Health Fund statement in the correct period. For example if your Health Fund policy only commenced on or after 1 April 2020, then ensure you enter those details in period 2 for both taxpayer and spouse if claiming for your spouse.

You must create separate entries for each Statement you or your spouse received. When claiming for yourself and you had a spouse at 30/06 or spouse died during the year, select Tax claim Code C.

If you are claiming for your spouse, answer Y to the 'Are you claiming for your spouse and have received your spouse's agreement?' and MYOB Tax will create the required identical entry with the correct claim code 'D'.

Health insurer ID **B** Membership number **C**

TAXPAYER

Period 1 - 01/07/2019 to 31/03/2020

Your premiums eligible for Australian Government rebate **J** Your Australian Government rebate received **K**

Benefit code **L** Tax claim code **C**

(Read the tax return instructions)

Period 2 - 01/04/2020 to 30/06/2020

Your premiums eligible for Australian Government rebate **J** Your Australian Government rebate received **K**

Benefit code **L** Tax claim code **C**

(Read the tax return instructions)

1. **Medicare tab > Private Health Insurance Policy Details > Press Enter** to open schedule
2. Enter details per Prefill
3. Press green back-arrow to exit schedule.

M2 Medicare levy surcharge (MLS)

THIS ITEM IS COMPULSORY

If you do not complete this question you may be charged the full Medicare levy surcharge.

For the **whole** period 1 July 2019 to 30 June 2020, were you and your dependants (including your spouse) - if you had any - covered by private patient HOSPITAL cover?

E Y ...

If Yes, you must complete Private Health insurance policy details.

For calculation of estimate only	Days exempt from Medicare	<input type="checkbox"/>
	Days under MLS threshold	<input type="text" value="0"/>
	Days in fund	<input type="text" value="366"/>
	Days otherwise not liable	<input type="text" value="0"/>
	Less: Days exemptions overlap or are otherwise n/a	<input type="text" value="0"/>

Number of days **NOT** liable for surcharge **A**
Maximum number of days for 2020 is 366

Number of dependent children **D**

~~If you had a spouse, you must complete Private Health insurance policy details.~~

For Part Year Spouse only	Number of days you had a spouse	<input type="checkbox"/>
	No. of children remaining with taxpayer	<input type="text" value="0"/>

WHO IS A DEPENDANT?

As long as the taxpayer contributes to the maintenance – dependents included are:

- Spouse- even if spouse has his or her own income.
- Children under 21 years of age.
- Student children under 25- the income of the student is NOT taken into account.
- Payment of child maintenance (child support) is regarded as contributing to the maintenance of a dependent for Medicare levy surcharge.

Examples.....

1. Jacob is single and has a taxable income of \$99,500. He pays child support and therefore is not liable for the Medicare levy surcharge.

2. Derek has a taxable income of \$126,200 and his wife Sue has a taxable income of \$69,500 with no dependent children. Their combined incomes are over the threshold and they will BOTH have to pay Medicare surcharge.

3. Natasha has a taxable income \$99,000 and is in the top hospital scale of MBF. Her de facto husband has a taxable income of \$92,000 and does not have cover. As their combined

incomes are over the threshold and they are both NOT covered then they are BOTH liable to pay the surcharge.

The taxpayer's circumstances change during the year

The taxpayer's circumstances may change during the year for a number of reasons, such as:

- they began or ceased private patient hospital cover during the year, or
- they married or separated permanently during the year.

Each period is calculated separately when working out if they have to pay the Medicare levy surcharge.

THE TAXPAYER HAS PRIVATE PATIENT HOSPITAL COVER FOR ONLY PART OF THE FINANCIAL YEAR.

If the taxpayer had private patient hospital cover for only part of the year, they may have to pay the Medicare levy surcharge for the period when they did not have private patient hospital cover.

Use the following formula to calculate the taxpayer's liability for that period.

1 per cent of the taxpayer's taxable income X $\frac{\text{Number of days in period}}{\text{Number of days in year of income}}$

Example.....

Emma is not married and has no dependents. Emma did not have private patient hospital cover during the income year until 1 March. Her taxable income is \$90,000. Emma will have to pay the additional 1 % Medicare Levy Surcharge from 1 July until the end of February (243 days – the period she did not have private patient hospital cover). Her liability for the Medicare levy surcharge for this period is calculated as follows:

$$(1\% \times \$90,000) \times \frac{243}{365} = \$599.17$$

THE TAXPAYER HAD A SPOUSE FOR ONLY PART OF THE YEAR

If the taxpayer is married or separated during the income year, their spouse's income does not need to be included when working out if they have to pay the Medicare levy surcharge.

For the period the taxpayer had a spouse, they will be liable for the Medicare levy surcharge if their taxable income is greater than the family surcharge threshold of \$180,000 – plus \$1,500 for each dependent child after the first.

For the period the taxpayer did not have a spouse:

- if they had no dependents they will be liable for the Medicare levy surcharge if their taxable income is greater than \$90,000
- if they had dependents they will have to pay the Medicare levy surcharge if their taxable income is greater than the family surcharge threshold of \$180,000 – plus

\$1,500 for each dependent child after the first.

Example...

Beth and Tony separated on 12 October and stayed single. Beth and Tony are dependents of each other for Medicare levy surcharge purposes only for the period they were together. Tony's taxable income is \$90,000 and Beth's taxable income is \$70,000. Beth and Tony did not have private hospital cover at any time during the year.

As they are considered to be a family for the period 1 July to 12 October, they are each entitled to the family income threshold of \$180,000 for this period. For the period 1 July to 12 October, Beth is not liable for the surcharge as her taxable income of \$70,000 is under the threshold. Tony's taxable income of \$90,000 is also under the threshold.

For the period 13 October to 30 June (262 days), the single person's threshold of \$90,000 applies to both Tony and Beth. For this period, Tony is liable for the surcharge because he has a taxable income of \$90,000. However, Beth is not liable for the surcharge for this period of 262 days because her taxable income of \$70,000 is under the threshold.

THE TAXPAYER IS NORMALLY EXEMPT FROM THE MEDICARE LEVY.

If the taxpayer is normally exempt from the Medicare levy because they are a prescribed person, e.g. A Defence Force member, and they do not have any dependents, they will not be liable for the Medicare levy surcharge.

However, the taxpayer will be liable for the Medicare levy surcharge, even if they are a prescribed person, if:

- they have dependents who are not prescribed persons and they do not have private health hospital cover, and
- they have a combined taxable income above the relevant threshold.

Example.....

Matthew is single and has no dependents. Matthew is a Defence Force member and has no private patient hospital cover. Matthew's taxable income is \$98,000.

As Matthew is a prescribed person and he has no dependents he will not be liable for the Medicare levy surcharge.

Example.....

Albert and Victoria are married and have one dependent child. Albert is a Defence Force member. Victoria is not a prescribed person and does not have private patient hospital cover. Albert's taxable income is \$120,000 and Victoria's taxable income is \$68,000.

Even though Albert is a prescribed person, he still has to pay the Medicare levy surcharge because Victoria and their dependent child do not have private patient hospital cover and Albert and Victoria's combined taxable income is greater than the \$180,000 threshold.

Albert's total Medicare levy liability will be:

<i>Medicare levy (no liability)</i>	<i>NIL</i>
<i>Medicare levy surcharge (1%)</i>	<i>\$1,200</i>
<i>Total Medicare levy payable</i>	<i>\$1,200</i>

Victoria's total Medicare levy liability will be:

Medicare levy- 2% of \$68,000	\$1,360
Medicare levy surcharge- 1% of \$68,000	\$ 680
Total Medicare levy payable	\$2,040

If the hospital cover is the reason for exemption from the Medicare Levy Surcharge, the ATO requires the private hospital insurance policy details to be completed. M2 must always be completed.

THE ATO WILL CHARGE THE MEDICARE SURCHARGE REGARDLESS OF TAXABLE INCOME IF M2 IS NOT COMPLETED

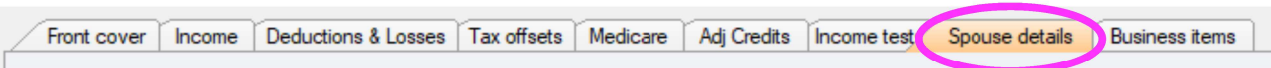
SPOUSE DETAILS

It is most important the spouse details are completed because this is where the ATO obtains the necessary information to calculate the correct Medicare Levy (M1) and Medicare Levy Surcharge (M2) where applicable.

The spouse details also affect tax offsets at **T1**, **T3** and **T11** and Senior Australian Tax Offset at **T2**.

If your client DOES NOT have a spouse, **skip** this step.

- Locate '**Spouse Details**' tab.



Front cover | Income | Deductions & Losses | Tax offsets | Medicare | Adj Credits | Income test | **Spouse details** | Business items

- Enter Lastname, Given Name and Gender.

Spouse Details

(SD) Spouse details - married or de facto

If you had a spouse during 2019-20, you must complete Spouse details married or de facto. This information is needed for a correct estimate of tax payable/refundable.

If you had more than one spouse during 2019-20 enter the name of your spouse on 30 June 2020 or your last spouse.

Your spouse's date of birth (press F10 to select spouse's return) Your spouse's gender

Surname or family name

Given names

- Click 'K' to open schedule.
- If spouse is a client > click the three grey dots and search for client in MYOB database. If not a client, enter spouse details per CIF and **ask** client regarding queries:

1. Spouse an AU resident? *Y or N?*
2. Spouse DOB? *Enter.*
3. Spouse for full year? *Enter.*
4. Click 'Income' tab.



A screenshot of the 'Spouse's name' section of the form. Three red arrows with yellow boxes containing numbers 1, 2, and 3 point to the following fields:

- 1 points to the 'Spouse an Australian resident?' dropdown menu.
- 2 points to the 'Spouse DOB' text input field.
- 3 points to the 'Spouse for full year' checkbox.

5. Enter Spouse Taxable Income or share from MYOB tax return.
6. Tick '**Spouse income reviewed**'
7. Click '**OK**' to close schedule.

Details

Income

Income

6

Spouse income reviewed

V281 requires all labels to be non-null. Tick the box to indicate that you have checked that no spouse income exists for any of the below blank labels.



Taxable Income - less assess. FHSS (Label O):
Sec98 distributions from trusts not incl in taxable income (Label T):
Distributions on which FTD tax has been paid (Label U):
Employers exempt from FBT under section 57A of the FBTA 1986 (Label R):
Employers not exempt from FBT under section 57A of the FBTA 1986 (Label S):

76500

0

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Code:

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