



 [Print whole section](#)

Medicare levy surcharge

Find out when you have to pay the Medicare levy surcharge and the income thresholds and rates.

Paying the Medicare levy surcharge

Find out when you have to pay the Medicare levy surcharge and how much you will pay.

Family and dependants for Medicare levy surcharge purposes

Find out who is considered a member of a family and who is a dependant for the purposes of the Medicare levy surcharge.

Medicare levy surcharge income, thresholds and rates

Based on your income for MLS purposes, you can work out which income threshold and MLS rates apply to you.

Medicare levy surcharge and your tax return

Information to help you complete the Medicare levy surcharge in your tax return.

QC 27040

Paying the Medicare levy surcharge

Find out when you have to pay the Medicare levy surcharge and how much you will pay.

Last updated 26 September 2024

On this page

[When you pay the Medicare levy surcharge](#)

[How much Medicare levy surcharge you will pay](#)

[Change in circumstances during the year](#)

When you pay the Medicare levy surcharge

You may have to pay the Medicare levy surcharge (MLS) if:

- you, your spouse and your dependent children do not have an appropriate level of private patient hospital cover
- you earn above a certain income.

The MLS is an amount you pay on top of the Medicare levy.

If you take out an appropriate level of private patient hospital cover for yourself, your spouse and all your dependants, you will not pay the MLS.

How much Medicare levy surcharge you will pay

The MLS rate of 1%, 1.25% or 1.5% is levied on:

- your taxable income

- total reportable fringe benefits, and
- any amount on which family trust distribution tax has been paid.

We use a special definition of income (called **income for MLS purposes**) to work out if you have to pay the MLS and the rate you will pay. This income is different from your taxable income.

You will not pay the MLS for 2023–24 if your income is less than the base income threshold, which is:

- \$93,000 for singles
- \$186,000 (plus \$1,500 for each **dependent child** after the first one) for families.

You can use the **Income tax estimator** to work out your MLS. For income thresholds and rates for current and previous years, see **Medicare levy surcharge income, thresholds and rates**.

Medicare levy surcharge if you had a spouse

If you had a spouse for the full year, you do not have to pay the MLS if:

- your family income exceeds the \$186,000 (plus \$1,500 for each **dependent child** after the first one), but
- your own income for MLS purposes was \$26,000 or less.

If you had a new spouse, or you separated from your spouse, during the year:

- you may be liable for MLS for the number of days you were single – if your income for MLS purposes was more than the single surcharge threshold of \$93,000
- you may be liable for MLS for the number of days you had a spouse or dependent children – if your own income for MLS purposes was more than the family surcharge threshold of \$186,000 (plus \$1,500 for each dependent child after the first one).

We will work out if you need to pay the MLS based on the information you provide in your tax return. We will include MLS with your Medicare levy. It will show as one amount on your notice of assessment, called **Medicare levy and surcharge**.

Medicare levy surcharge in your tax return

We work out if you need to pay the MLS and the amount you need to pay when we process your tax return each year. The MLS is not covered in tax withheld by your employer.

If you need to pay the MLS, this amount will be added to your tax liability and may lead to a reduced refund or tax bill.

Change in circumstances during the year

If circumstances for yourself, your spouse or your dependent children change at any time during the year, you may become liable to pay the MLS.

Changes in circumstances may relate to your:

- income
- spouse
- dependants
- private health insurance.

If you travel overseas and cancel your private patient hospital cover during that time, you may be liable to pay the Medicare levy surcharge (MLS).

Appropriate level of private patient hospital cover

If you don't have an appropriate level of private patient hospital cover you may have to pay the Medicare levy surcharge.

QC 71227

Appropriate level of private patient hospital cover

If you don't have an appropriate level of private patient hospital cover you may have to pay the Medicare levy surcharge.

On this page

[Private patient hospital cover](#)

[Travelling overseas](#)

Private patient hospital cover

Private patient hospital cover is provided by registered health insurers for hospital treatment provided in an Australian hospital or day hospital. You must arrange and pay for your cover directly with the insurer.

For singles, an appropriate level of cover must have an excess of \$750 or less. Couples or families must have an excess of \$1,500 or less.

If your private health insurance policy doesn't provide an appropriate level of private patient hospital cover, and your **income for MLS purposes** is above a certain threshold, you may have to pay the Medicare levy surcharge (MLS).

General cover, commonly known as 'extras', is **not** private patient hospital cover. It covers items such as optical, dental, physiotherapy or chiropractic treatment.

Travel insurance is **not** private patient hospital cover for the purposes of the MLS. Similarly, private patient hospital cover does not include cover provided by an overseas fund.

Travelling overseas

If you cancel your private patient hospital cover while travelling overseas, you may be liable to pay the **Medicare levy surcharge** (MLS). You should contact your health fund to work out the amount of premium you expect to save by cancelling or suspending your private patient hospital cover. You can then compare that to the MLS you may have to pay.

For the purposes of MLS, travel insurance is not private patient hospital cover. Similarly, private patient hospital cover does not include cover provided by an overseas fund.

Family and dependants for Medicare levy surcharge purposes

Find out who is considered a member of a family and who is a dependant for the purposes of the Medicare levy surcharge.

Last updated 1 July 2024

On this page

[When you are a member of a family for the MLS](#)

[Spouse \(married or de facto\) for MLS purposes](#)

[Child for MLS purposes](#)

[When you pay the MLS](#)

When you are a member of a family for the MLS

For Medicare levy surcharge (MLS) purposes, you are a member of a family during a period of the year, if for the period you:

- had a [spouse](#) or a [child](#) who was an Australian resident (regardless of their income), and
- contributed to their maintenance.

For the meaning of 'maintenance of a dependant', see [Dependants for Medicare levy exemption](#).

Spouse (married or de facto) for MLS purposes

Your spouse includes another person (of any sex) who either:

- you were in a relationship with that was registered under a prescribed state or territory law
- although not legally married to you, lived with you on a genuine domestic basis in a relationship as a couple.

An ex-spouse you pay maintenance or child support to is not your dependant.

Child for MLS purposes

Your child is only your dependant if they are:

- under 21 years old
- 21 to 24 years old and studying full-time at school, college or university.

Your child is still your dependant if you are paying child support even if they don't live with you.

Your child includes:

- your child, whether born in marriage or not
- your adopted child
- a newborn or newly adopted child
- a child of your spouse (your stepchild)
- someone who is your child within the meaning of the *Family Law Act 1975* (for example, a child who is considered to be a child of a person under a state or territory court order giving effect to a surrogacy agreement).

A foster child is not included as a dependant for MLS purposes.

When you pay the MLS

You may have to pay the MLS if:

- any member of the family did not have an appropriate level of private patient hospital cover, and
- your income is above a certain amount.

QC 27044

Medicare levy surcharge income, thresholds and rates

Based on your income for MLS purposes, you can work out which income threshold and MLS rates apply to you.

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On this page

[Income for Medicare levy surcharge purposes](#)

[Income threshold and rates 2024–25](#)

[Income threshold and rates 2023–24](#)

[Income threshold and rates from 2014–15 to 2022–23](#)

[Income thresholds and rates for 2013–14](#)

[Income thresholds and rates for 2012–13](#)

[Income thresholds and rates for 2010–11 and 2011–12](#)

Income for Medicare levy surcharge purposes

Income for Medicare levy surcharge (MLS) purposes is used to work out whether you have to pay the MLS and the rate you will pay.

If you have a spouse, we will use your combined income for MLS purposes.

You can work out your income for MLS purposes with our [Income tests calculator](#).

Your income for MLS purposes is the sum of the following items for you (and your spouse, if you have one):

1. Taxable income

- include the net amount on which family trust distribution tax has been paid
- don't include any assessable first home super saver (FHSS) released amount for the income year under the FHSS scheme.

2. Reportable fringe benefits.

3. Total net investment losses – the sum of

- net financial investment losses
- net rental property losses.

4. Reportable super contributions – the sum of

- reportable employer super contributions
- deductible personal super contributions.

5. If you have a spouse, their share of the net income of a trust on which the trustee must pay tax (under section 98 of the *Income Tax Assessment Act 1936*) and which has not been included in their taxable income.

If you had exempt foreign employment income, add it to your taxable income if your taxable income is \$1 or more.

If you meet both of the following conditions, you can reduce your income for MLS purposes by any taxed element of the super lump sum, other than a death benefit, that does not exceed your (or your spouse's) low rate cap:

- you (or your spouse) are aged from your (or their) preservation age to under 60 years old
- you (or your spouse) received a super lump sum.

Income threshold and rates 2024–25

Once you determine your income for Medicare levy surcharge (MLS) purposes, you can use the MLS income threshold tables below to work out which MLS rate applies to you.

These income thresholds and MLS rates apply for the 2024–25 income year.

Use this information to work out which income threshold and MLS rate apply to you.

MLS income thresholds and rates for 2024–25

Threshold	Base tier	Tier 1	Tier 2	Tier 3
Single threshold	\$97,000 or less	\$97,001 – \$113,000	\$113,001 – \$151,000	\$151,001 or more
Family threshold	\$194,000 or less	\$194,001 – \$226,000	\$226,001 – \$302,000	\$302,001 or more
Medicare levy surcharge	0%	1%	1.25%	1.5%

The family income threshold is increased by \$1,500 for each MLS dependent child after the first child.

Example: Medicare levy surcharge for a single adult

In the 2024–25 income year, Tom doesn't have the appropriate level of private patient hospital cover and is:

- 35 years old
- single without any dependants.

Tom's taxable income is \$90,000. When Tom completes his tax return, he also completes the income test section and declares total reportable fringe benefits of \$27,000.

Tom's income for MLS purposes is \$117,000 (\$90,000 taxable income and \$27,000 total reportable fringe benefits).

Therefore, Tom is a Tier 2 income earner and the Tier 2 MLS rate that applies to him is 1.25%.

The amount of MLS is calculated on his taxable income of \$90,000 and total reportable fringe benefits of \$27,000.

Tom's MLS liability for 2024–25 is \$1,462.50 ($\$117,000 \times 1.25\%$).

Income threshold and rates 2023–24

Once you determine your income for Medicare levy surcharge (MLS) purposes, you can use the MLS income threshold tables below to work out which MLS rate applies to you.

These income thresholds and MLS rates apply for the 2023–24 income year.

Use this information to work out which income threshold and MLS rate apply to you.

MLS income thresholds and rates for 2023–24

Threshold	Base tier	Tier 1	Tier 2	Tier 3
Single threshold	\$93,000 or less	\$93,001 – \$108,000	\$108,001 – \$144,000	\$144,001 or more
Family threshold	\$186,000 or less	\$186,001 – \$216,000	\$216,001 – \$288,000	\$288,001 or more
Medicare levy surcharge	0%	1%	1.25%	1.5%

The family income threshold is increased by \$1,500 for each MLS dependent child after the first child.

Income threshold and rates from 2014–15 to 2022–23

These income thresholds and MLS rates apply for income years from 2014–15 to 2022–23.

Use this information to work out which income threshold and MLS rate apply to you.

MLS income thresholds and rates from 2014–15 to 2022–23

Threshold	Base tier	Tier 1	Tier 2	Tier 3
Single threshold	\$90,000 or less	\$90,001 – \$105,000	\$105,001 – \$140,000	\$140,001 or more
Family threshold	\$180,000 or less	\$180,001 – \$210,000	\$210,001 – \$280,000	\$280,001 or more
Medicare levy surcharge	0%	1%	1.25%	1.5%

The family income threshold is increased by \$1,500 for each MLS dependent child after the first child.

See Family and dependants for Medicare levy surcharge purposes for more information about what is considered family and dependant for the MLS.

Income thresholds and rates for 2013–14

MLS income thresholds and rates 2013–14

Threshold	Base tier	Tier 1	Tier 2	Tier 3
Single thresholds	\$88,000 or less	\$88,001 – \$102,000	\$102,001 – \$136,000	\$136,001 or more

Family thresholds	\$176,000 or less	\$176,001 – \$204,000	\$204,001 – \$272,000	\$272,001 or more
Medicare levy surcharge	0%	1%	1.25%	1.5%

The family income threshold is increased by \$1,500 for each MLS dependent child after the first child.

Income thresholds and rates for 2012–13

MLS income thresholds and rates 2012–13

Threshold	Base tier	Tier 1	Tier 2	Tier 3
Single thresholds	\$84,000 or less	\$84,001 – \$97,000	\$97,001 – \$130,000	\$130,001 or more
Family thresholds	\$168,000 or less	\$168,001 – \$194,000	\$194,001 – \$260,000	\$260,001 or more
Medicare levy surcharge	0%	1%	1.25%	1.5%

The family income threshold is increased by \$1,500 for each MLS dependent child after the first child.

Income thresholds and rates for 2010–11 and 2011–12

MLS income thresholds and rates 2010–11 and 2011–12

Threshold	2010–11	2010–11	2011–12	2011–12
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	Tier 1	Tier 2	Tier 1	Tier 2
Single thresholds	\$77,000 or less	\$77,001 or more	\$80,000 or less	\$80,001 or more
Family thresholds	\$154,000 or less	\$154,001 or more	\$160,000 or less	\$160,001 or more
Medicare levy surcharge	0%	1%	0%	1%

The family income threshold is increased by \$1,500 for each MLS dependent child after the first child.

QC 49961

Medicare levy surcharge and your tax return

Information to help you complete the Medicare levy surcharge in your tax return.

Last updated 1 July 2024

Information to help you complete the Medicare levy surcharge section in your tax return.

The **private health insurance statement** you receive from your insurer includes information that relates to the Medicare levy surcharge (MLS).

It will include the number of days that your policy provided the appropriate level of private health hospital cover, as shown below.

Number of days this policy provides an appropriate level of private patient hospital cover	A	366
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A Medicare levy surcharge may apply if you, your spouse and all your dependants didn't maintain an **appropriate level of private patient**

hospital cover for the full income year. Use the number of days listed at **A** to help you complete the Medicare levy surcharge question on your tax return.

We will work out if you have to pay the MLS based on the information you provide in your tax return. We will include MLS with your Medicare levy. It will show as one amount on your notice of assessment, called **Medicare levy and surcharge**.

You can find information about completing the Medicare levy surcharge section in your tax return in the following:

- Medicare levy surcharge (myTax instructions)
- M2 Medicare levy surcharge (paper return instructions).

QC 71226

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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