



myTax 2019 Medicare levy surcharge

How to complete the Medicare levy surcharge section when you lodge your return using myTax.

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This is about whether you have to pay a Medicare levy surcharge.

Essentials

The Medicare levy surcharge (MLS) is in addition to the Medicare levy.

You may have to pay MLS for any period during the income year that:

- you, your spouse, or any of your [dependants](#) did not have an [appropriate level of private patient hospital cover](#), and
- [income for MLS purposes](#) (including your spouse's income if relevant) is above the relevant [thresholds](#).

Depending on your income for MLS purposes, the [MLS rate](#) is either 1%, 1.25% or 1.5% of:

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

Based on the information in your tax return, we will work out and apply any Medicare levy surcharge for you.

Your private health insurance policy details

The law has changed regarding the way insurers provide you with private health insurance details. **It is now optional for registered health insurers to provide you with a private health insurance statement.** A statement may only be provided if you request one from your registered health insurer.

If needed, it is suggested that you obtain your statement information via your health insurer's web site. Most sites will advise you how to log on to view or request your statement information.

Completing this section

Note: If you are an overseas visitor, for more information and instructions on how to complete the **Private health insurance** and this section, see **Overseas visitors**.

If you and all your dependants were covered by a private health insurance policy for part (but not all) of 2018–19, you may need the number of days you and your dependants were covered by an appropriate level of health cover.

The following steps will provide us the information we need in this section to work out your Medicare levy surcharge for you.

1. Answer the question **Were you and all your dependants covered by an appropriate level of private patient hospital cover from 1 July 2018 to 30 June 2019?**

If **Yes**, go to step 4.

If **No**, go to step 2.

Note: We may have populated this based on information you previously provided to us. Check and correct if necessary.

2. If your [income for MLS purposes](#) is below the [threshold for your circumstances](#), myTax may advise you that you do not have to pay the Medicare levy surcharge.

If this occurs, go to step 4

Otherwise, go to step 3.

3. Work out and enter the **Number of days you do not have to pay the surcharge.**

- If you do not have to pay the surcharge because you were in a [Medicare levy surcharge exemption category](#) for the whole of 2018–19, enter **365**.
- If you have to pay the surcharge for part of the period 1 July 2018 to 30 June 2019, enter the number of days for which you do **not** have to pay the surcharge. For some examples, see:
 - [you or your family were covered by an appropriate level of private patient hospital cover for only part of the year](#)
 - [which income threshold do you use if your family circumstances change during the year](#)
- If you have to pay the surcharge the whole period 1 July 2018 to 30 June 2019, enter **0**

4. You have completed the Medicare levy surcharge section. If you had private patient hospital cover for any part of the year, go to the **Private health insurance** section.

If you are liable for MLS only because your spouse has shown a lump sum payment in arrears in **Foreign income** or **Other income** section on their tax return, you may be entitled to a tax offset up to the amount of MLS you have to pay. We will calculate the tax offset for you.

At **Spouse details** in the **Spouse** section, you will need to:

- answer **Yes** to the question **Did your spouse receive a lump sum payment in arrears during the 2018–19 and is your combined income for Medicare levy surcharge purposes over \$180,000 (plus \$1,500 for each dependent child after the first)?**
- enter your spouse's address.

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Further information

More information about Medicare levy surcharges.

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MLS income thresholds and rates

The MLS is income tested against the following thresholds:

Medicare levy surcharge thresholds

You do not have to pay the MLS for:

- **Singles:** if your [income for MLS purposes](#) is **\$90,000 or less**
- **Families:** if your combined [income for MLS purposes](#) is **\$180,000 or less** plus \$1,500 for each MLS dependent child after the first child.

Medicare levy surcharge rate

If you have to pay the MLS, the level of your income determines the MLS rate that you pay.

- For **Singles** if your MLS income is:
 - \$90,001 to \$105,000, the rate is 1.0%
 - \$105,001 to \$140,000, the rate is 1.25%
 - \$140,001 or more, the rate is 1.5%.
- For **Families** if your MLS income is:
 - \$180,001 to \$210,000 (see [Note 1](#)), the rate is 1.0%
 - \$210,001 to \$280,000 see [Note 1](#), the rate is 1.25%
 - \$280,001 (see [Note 1](#)) or more, the rate is 1.5%.

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

What if you or your family were covered by an appropriate level of private patient hospital cover for only part of the year?

If you took out private patient hospital cover during the 2018–19 year, use the following examples to help you work out how many days you are not liable to pay MLS.

Example 1: A single person with part-year private patient hospital cover

- Jacinta was single and had no dependants. She was not in a Medicare levy exemption category at any time during the year.
- Jacinta took out private patient hospital cover on 15 January 2019.
- Jacinta will answer **No** to the question **Were you and all your dependants including your spouse covered by an appropriate level of private patient hospital cover from 1 July 2018 to 30 June 2019?**
- **Income below the MLS threshold:**
 - Where Jacinta's income for MLS purposes was less than the single income threshold of \$90,000, myTax displays a message indicating that she does not have to pay the Medicare levy surcharge.
- **Income above the MLS threshold:**
 - Where Jacinta's income for MLS purposes was greater than the single MLS threshold of \$90,000, myTax displays the **Number of days you not have the pay the surcharge** entry box.
 - Jacinta does not have to pay MLS for the time she had private patient hospital cover – from 15 January 2019 to 30 June 2019. That was 167 days.

- Jacinta will enter **167** at **Number of days you do not have to pay the surcharge** and complete **Private health insurance** section.

Example 2: A family with part-year private patient hospital cover

- Jill and Kevin have been married for a number of years. They have three dependent children. Jill, Kevin and their children were not in a Medicare levy exemption category at any time during the year.
- Jill and the children were covered by private patient hospital cover for the full income year.
- Kevin added his name to the policy on 10 January 2019.
- Both Jill and Kevin will answer **No** to the question **Were you and all your dependants covered by an appropriate level of private patient hospital cover from 1 July 2018 to 30 June 2019?**
- **Income below the MLS threshold:**
 - Where Jill and Kevin's combined income for MLS purposes is less than their family MLS threshold, myTax displays a message indicating that they do not have to pay the Medicare levy surcharge.
- **Income above the MLS threshold:**
 - Where Jill and Kevin's income for MLS purposes greater than their family MLS threshold, myTax displays the **Number of days you do not have to pay the surcharge** entry box.
 - Jill and Kevin do not have to pay MLS for the time the **whole family** had private patient hospital cover – from 10 January 2019 to 30 June 2019. That was 172 days.

- Jill and Kevin would **both** enter **172** at **Number of days you do not have to pay the surcharge** and complete **Private health insurance** section.

Which income threshold do you use if your family circumstances change during the year?

If you had a new spouse or you separated from your spouse, or you became or ceased to be a sole parent, both the single and the family surcharge thresholds may apply to you for different periods. Special rules apply in calculating MLS for these periods.

You need to work out whether you were liable for MLS for any period during 2018–19 that you:

- were single (that is, you had no spouse or dependent children) so you can apply the single surcharge threshold of \$90,000 to your income for MLS purposes
- had a spouse or any dependent children, so you can apply the family surcharge threshold of \$180,000, plus \$1,500 for each dependent child after the first, to your income for MLS purposes.

If your spouse died during 2018–19 and you did not have another spouse before the end of the year, you are treated as if you had a spouse for the remainder of 2018–19 and you apply the family surcharge threshold of \$180,000, plus \$1,500 for each dependent child after the first.

You will be liable for MLS for the number of days you were single if:

- your own income for MLS purposes was more than the single surcharge threshold of \$90,000, and
- you did not have an appropriate level of private patient hospital cover or were not in a Medicare levy exemption category.

You will 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 \$180,000 (plus \$1,500 for each dependent child after the first one), and

- you, your spouse, or any dependent children did not have an appropriate level of private patient hospital cover or were not in a Medicare levy exemption category.

Use the following examples to help you work out how many days you are not liable to pay MLS if your family circumstances changed during the 2018–19 year.

Example 3: Separated during the year

- Michelle and Michael lived together as a couple on a genuine domestic basis for seven years, but on 12 October 2018 they separated and each stayed single.
- They did not have private patient hospital cover at any time during 2018–19.
- Michelle and Michael had no dependent children, but they were dependants of each other for MLS purposes until they separated.
- Michelle's income for MLS purposes was \$95,000 and Michael's income for MLS purposes was \$69,000.
- Michelle and Michael now have to use their individual income for MLS purposes and compare that with the:
 - family MLS threshold to calculate whether or not they will have to pay the MLS for the number of days they were living together as a couple
 - single person MLS threshold to calculate whether or not they will have to pay the MLS to the number of days they were single.
- As they did not have any private patient hospital cover during 2018–19 both Michelle and Michael answered **No** to the question **Were you and all your dependants covered by an appropriate level of private patient hospital cover from 1 July 2018 to 30 June 2019?**
- **First period of the year:**
 - Michelle and Michael are considered to be a family for the period 1 July to 12 October 2018 (104 days). For this period, they use their own income for MLS purposes and each

compare that with the family MLS threshold of \$180,000.

This means:

- Michelle is not liable for MLS for this period because her own income for MLS purposes (\$95,000) was less than \$180,000.
- Michael is not liable for MLS for this period because his own income for MLS purposes (\$69,000) was less than \$180,000.

- **Second period of the year:**

- Michelle and Michael were single for the period 13 October 2018 to 30 June 2019 (261 days). For this period, they use their own income for MLS purposes and each compare that with the single person MLS threshold of \$90,000 applies for that period. This means:

- Michelle is liable to pay MLS for this period because her own income for MLS purposes (\$95,000) exceeded \$90,000.
- Michael is not liable for MLS for this period because his own income for MLS purposes (\$69,000) was less than \$90,000.

- Entering **Number of days you do not have to pay the surcharge**

- Michelle writes **104** being the number of days in the first period when she was not liable for MLS.
- Michael writes **365** because he was not liable for MLS in 2018-19.

Example 4: Got married during the year

- At the beginning of the income year, Alice and Adam were both single. Alice and Adam got married on 17 January 2019 and are still married on 30 June 2019. They were not in a de facto relationship before their marriage.

- They did not have private patient hospital cover at any time during 2018–19.
- Alice and Adam had no dependent children, but they were dependants of each other for MLS purposes from the date they were married.
- Alice's income for MLS purposes was \$133,000 (including a net investment loss of \$8,000) and Adam's income for MLS purposes was \$80,000.
- Alice and Adam now have to use their individual income for MLS purposes and compare that with the:
 - single person MLS threshold to calculate whether or not they will have to pay the MLS to the number of days they were single
 - family MLS threshold to calculate whether or not they will have to pay the MLS for the number of days they were considered to be a family.
- As they did not have any private patient hospital cover during 2018–19 both Alice and Adam answered **No** to the question **Were you and all your dependants covered by an appropriate level of private patient hospital cover from 1 July 2018 to 30 June 2019?**
- **First period of the year:**
 - Alice and Adam were single for the period 1 July 2018 to 16 January 2019 (200 days). For this period, they use their own income for MLS purposes and each compare that with the single person MLS threshold of \$90,000. This means:
 - Alice is liable to pay MLS for this period because her own income for MLS purposes (\$133,000) exceeds \$90,000.
 - Adam is not liable for MLS for this period because his own income for MLS purposes (\$80,000) was less than \$90,000.
- **Second period of the year:**

- Alice and Adam are considered to be a family for the period 17 January to 30 June 2019 (165 days). For this period, they use their own income for MLS purposes and each compare that with the family MLS threshold of \$180,000. This means:
 - Alice is not liable for MLS for this period because her own income for MLS purposes (\$133,000) was less than \$180,000.
 - Adam is not liable for MLS for this period because his own income for MLS purposes (\$80,000) was less than \$180,000.
- Entering **Number of days you do not have to pay the surcharge**
 - Alice writes **165**, the number of days in the second period when she was not liable for MLS.
 - Adam writes **365** because he was not liable for MLS at any period in 2018–19.

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Medicare levy surcharge exemption categories

If you fit into one of the categories you are exempt from MLS for 2018–19.

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If you fit into one of the following categories, you are exempt from MLS for the whole of 2018–19.

- Your [income for MLS purposes](#) was \$90,000 or less and, for the **whole of 2018–19**, you were **single** without a dependent child.
- Your [income for MLS purposes](#) was \$90,000 or less and

- for **part of 2018–19** you were **single**
- your spouse did not die during the year, and
- for the whole of the year you did not have a dependent child.
- Your [income for MLS purposes](#) was \$180,000 or less (plus \$1,500 for each dependent child after the first) and
 - you were **single** for the **whole of the year**, and
 - you had at least one dependent child for the whole of the year.
- Your combined [income for MLS purposes](#) was \$180,000 or less (plus \$1,500 for each dependent child after the first), and
 - you had a **spouse** (with or without dependent children) for the **whole of the year**.
 - **Note:** If your spouse died during 2018–19 and you did not have another spouse before the end of the year, you are treated as having had a spouse for the remainder of 2018–19.
- For the **whole of 2018–19, you and all your dependants** (if you had any) **either:**
 - had an appropriate level of private patient hospital cover, or
 - were in a Medicare levy exemption category.
- Your combined [income for MLS purposes](#) was greater than \$180,000 (plus \$1,500 for each dependent child after the first), but your own income for MLS purposes was \$22,398 or less.

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Working out your income for MLS purposes

Complete the worksheet to work out your income for MLS purposes.

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To work out your and your spouse's income for MLS purposes, complete **Worksheet 1** below.

If you had exempt foreign employment income, and your taxable income is \$1 or more, add your exempt foreign income to your taxable income, and write the total at row **a** in [Worksheet 1](#).

If you were aged from your **preservation age** to under 60 years old, write at row **k** the taxed element amount of superannuation lump sums, other than a death benefit, you received during 2018–19 that do not exceed your low rate cap. The same applies for your spouse (see [Superannuation lump sums and income for MLS purposes](#)).

If you did not have a spouse, leave the spouse's income amounts blank.

If your spouse was under a legal disability, write at row **h** in the spouse column your spouse's net income from a trust for which the trustee was liable to pay tax. Examples of a legal disability include being:

- a bankrupt
- a person who has been declared legally incapable because of a mental condition
- under 18 years old on 30 June 2019.

Do not include any amount that has already been included in your spouse's taxable income at row **a**.

Write at row **c** the total amount of distributions to you or your spouse:

- on which family trust distribution tax has been paid, and
- which you or your spouse would have had to show as assessable income if the tax had not been paid.

Worksheet 1

Row	Working out income for MLS purposes	You	Spouse
a	Taxable income (excluding any assessable First home super saver released amount)	\$	\$

b	<p>Total reportable fringe benefits amount</p> <p>This is the sum of:</p> <ul style="list-style-type: none"> Your reportable fringe benefits amounts from employers exempt from FBT under section 57A of FBTA 1986 Your reportable fringe benefits amounts from employers not exempt from FBT under section 57A of FBTA 1986 	\$	\$
c	Amount on which family trust distribution tax has been paid	\$	\$
d	Net financial investment loss	\$	\$
e	Net rental property loss	\$	\$
f	Reportable employer superannuation contributions	\$	\$
g	Deductible personal superannuation contributions	\$	\$
h	Your spouse's share of the net income of a trust on which the trustee must pay tax	-	\$
j	Add the amounts from row a to row h in each column.	\$	\$
k	If you or your spouse were aged from your preservation age to under 60 years old, write here the taxed element amount of superannuation lump sums, other than a death benefit, received during 2018–19 that do not exceed your or your spouse's low rate cap	\$	\$

	(see Superannuation lump sums and income for MLS purposes).		
l	Take row k away from row j . This is each individual's income for MLS purposes.	\$	\$
n	Add the amount from row l in your column to the amount from row l in your spouse's column.	\$	-

Your income for MLS purposes when you are single is the amount at row **l** in your column.

Your combined income for MLS purposes is the amount at row **n**.

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Superannuation lump sums and income for MLS

How Superannuation lump sums and income for MLS are calculated.

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Your income and your combined income for MLS purposes exclude the taxed element of a superannuation lump sum, other than a death benefit:

- that you received when you were aged from your preservation age to under 60 years old
- that does not exceed your low-rate cap amount for 2018–19.

For 2018–19 the low-rate cap amount is \$205,000, but it could be less for you if you received certain superannuation lump sums in previous years. For more information, see **table 1** below and the definition of [Low-rate cap](#).

Table 1: Death benefit

Death benefit paid to death benefits dependant (of any age)

Element	Amount	Tax rate
Tax free component	Whole	Tax free
Taxed element	Whole	Tax free
Untaxed element	Whole	Tax free

Death benefit paid to non-death benefits dependant (of any age)

Element	Amount	Tax rate
Tax free component	Whole	Tax free
Taxed element	Whole	15%
Untaxed element	Whole	30%

Low-rate cap amount for taxable components of superannuation lump sum payments

This concession applies only to superannuation lump sums paid to you when you have reached your preservation age but before you turn 60 years old.

The low-rate cap amount is the maximum amount of taxable components (taxed and untaxed elements) that can be taxed at a concessional lower rate.

For 2018–19, the low-rate cap amount is a maximum of \$205,000, but it could be less for you if before July 2018 you received any superannuation lump sums that counted towards your entitlement to a superannuation lump sum tax offset. The amount is indexed to average weekly ordinary time earnings and rounded down to the nearest multiple of \$5,000. See **Key superannuation rates and thresholds**.

The low-rate cap amount is a 'lifetime' limit. This means that the **taxed element** and **untaxed elements** of **all** superannuation lump sum payments that you receive (as well as the amount of any eligible termination payments for which you became entitled to a rebate before 1 July 2007) when you have reached your preservation age but before you turn 60 years old will be taxed at a concessional rate until your total reaches the low-rate cap amount (\$205,000 plus future indexed increases). Payments you receive in excess of the low-rate cap amount will be taxed at the tax rate shown in **Table 2** below.

Consequently, for 2018–19 the maximum amount for which you can be taxed at a concessional rate is \$205,000 less any amounts to which the concessional tax rate has previously been applied.

For more information on how we work out your low-rate cap amount, see **How tax applies to your super**.

Table 2: Superannuation lump sum (other than death benefit)

Under the preservation age at the time of payment

Element	Amount	Tax rate
Tax free component	Whole	Tax free
Taxed element	Whole	20%
Untaxed element	Up to the untaxed-plan cap amount, \$1,480,000 (see Note 2)	30%
Untaxed element	Over the untaxed-plan cap amount, \$1,480,000 (see Note 2)	45%

Preservation age to 59 years of age at the time of payment

Element	Amount	Tax rate
Tax free component	Whole	Tax free
Taxed element	Up to the low rate cap amount, \$205,000 (see Note 3)	Tax free
Taxed element	Over the low rate cap amount, \$205,000 (see Note 3)	15%
Untaxed element	Up to the low rate cap amount, \$205,000 (see Note 3)	15%
Untaxed element	Over the low rate cap amount, \$205,000 (see Note 3) and up to the untaxed-plan cap amount, \$1,480,000 (see Note 2)	30%
Untaxed element	Over the untaxed-plan cap amount, \$1,480,000 (see Note 2)	45%

60 years of age or older at the time of payment

Element	Amount	Tax rate
Tax free component	Whole	Tax free
Taxed element	Whole	Tax free
Untaxed	Up to the untaxed-plan cap amount, \$1,480,000 (See Note 2)	15%

element		
Untaxed element	Over the untaxed-plan cap amount, \$1,480,000 (see Note 2)	45%

Note 2: For 2018–19, the untaxed-plan cap amount is a maximum of \$1.480 million, but it could be less for you if you have previously received another superannuation lump sum with an untaxed element from the same superannuation fund. For more information on how we work out your untaxed-plan cap amount, see [How tax applies to your super](#).

Note 3: For 2018–19, the low-rate cap amount is a maximum of \$205,000, but it could be less if you received any superannuation lump sums in a prior income year that counted towards your entitlement to a superannuation lump sum tax offset or, if before July 2007, you received an eligible termination payment after your 55th birthday. For more information on how we work out your low-rate cap amount, see [How tax applies to your super](#).

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Glossary

Glossary of terms related to Medicare levy surcharge.

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Appropriate level of private patient hospital cover

An appropriate level of private patient hospital cover is cover provided by a registered health insurer for hospital treatment in Australia which has an excess of:

- \$750 or less (for a policy covering only one person), or
- \$1,500 or less (for all other policies).

Excess is the amount you pay before your health insurer pays for any claim you make.

General cover (formerly called ancillary cover) or 'extras' is not private patient hospital cover because it covers only items such as optical, dental, physiotherapy or chiropractic treatment.

If you are not sure whether you had an 'appropriate level of private patient hospital cover' during 2018–19, contact your health insurer.

Child

Child includes:

- your adopted child, stepchild or ex-nuptial child
- a newborn or newly adopted child
- a child of your spouse, and
- 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).

The definition of child includes children of people who are in same-sex relationships.

Dependants

For Medicare levy surcharge purposes, your dependants (regardless of their income) are your:

- spouse, even if they worked during 2018–19 or had their own income

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

Dependants must have been **Australian residents** in 2018–19 and you must have contributed to their [maintenance](#).

Your **spouse** includes another person (of any sex) who for 2018–19:

- 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.

Maintaining a dependant

You maintained a dependant if any of the following applied:

- you both lived in the same house
- you gave them food, clothing and lodging
- you helped them to pay for their living, medical and educational costs.

If you had a spouse for the whole of 2018–19 and your spouse worked at any time during the year, we still consider you to have maintained your spouse as a dependant for the whole income year.

We consider you to have maintained a dependant even if the two of you were temporarily separated, for example, due to holidays or overseas travel.

If you maintained a dependant for only part of the year, you may need to adjust your claim accordingly.

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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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