TD 92/168 - Income tax: is a resident merchant seaman, in receipt of full medical cover on board an Australian ship for a specified period of the year, entitled to a Medicare Levy exemption for that period?

This cover sheet is provided for information only. It does not form part of *TD 92/168 - Income tax: is a resident merchant seaman, in receipt of full medical cover on board an Australian ship for a specified period of the year, entitled to a Medicare Levy exemption for that period?*

This Determination, to the extent that it is capable of being a 'public ruling' in terms of PartáIVAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part . Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, the Determination applies to transactions entered into both before and after its date of issue.

Taxation Determination

Income tax: is a resident merchant seaman, in receipt of full medical cover on board an Australian ship for a specified period of the year, entitled to a Medicare Levy exemption for that period?

1. No. An individual taxpayer who is an Australian resident at any time during an income year is liable to pay a Medicare Levy on his or her taxable income under paragraph 251s(1)(a) of the *Income Tax Assessment Act 1936* (ITAA), unless during that income year the taxpayer is classified as a "prescribed person".

2. A "prescribed person" is defined in subsection 251U(1) of the ITAA . The main categories are:

(a) A member of the Australian Defence Forces,
(b) A veterans' (repatriation) beneficiary,
(c) A non income tested health card holder,
(d) A non-resident of Australia,
(e) A foreign government representative, or
(f) A person certified by the Minister of Health as not being entitled to Medicare benefits under the *Health Insurance Act 1973.*

3. The rate of the Medicare Levy is, generally, a fixed percentage of the taxpayer's taxable income for the year, as set by the *Medicare Levy Act 1986*. Relief is granted to low income earning taxpayers.

Example:
"A" is a resident merchant seaman fully covered for all medical expenses by his employer while at sea under the Navigation Act 1912 *and the Seamens Compensation Act 1911. He is not a "prescribed person" like a member of the Australian Defence Forces under paragraph 251U(1)(a) of the ITAA, who is entitled to full free medical treatment during a full income year, and, subject to marital circumstances, is fully or partially exempt from payment of a Medicare Levy.*

"A's" rights and entitlements under section 127 of the Navigation Act 1912 do not extend beyond his employment conditions. Those employment conditions do not influence full or partial exemption of a Medicare Levy.

Commissioner of Taxation
08/10/92

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