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myTax 2018 Medicare items

Information about the Medicare levy reduction or exemption and Medicare levy surcharge for myTax.

Last updated 28 June 2018

Medicare items include:

Medicare levy reduction or exemption

Information about whether you qualify for a Medicare levy reduction or exemption.

Medicare levy surcharge (MLS)

Information about MLS rate and how to complete this section.

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

Details about the the low-rate cap amount concession.

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Medicare levy reduction or exemption

Information about whether you qualify for a Medicare levy reduction or exemption.

Last updated 28 June 2018

This section is about whether you qualify for a Medicare levy reduction or exemption. Australian residents for tax purposes are subject to a Medicare levy of 2.0% of their taxable income unless they qualify for a reduction or exemption.

If you were not an Australian resident for tax purposes for the whole of 2017–18, you are exempt from the Medicare levy. For the meaning of Australian resident for tax purposes, see **Work out your tax residency status for tax purposes**.

A Medicare levy reduction is based on your taxable income. A Medicare levy exemption is based on specific categories. You need to consider your eligibility for a reduction or an exemption separately.

For more information, see:

- Medicare levy reduction
- Medicare levy exemption

For further help about this section, use the left hand side table of contents.

Completing this section

1. Show the **Number of dependent children and students**.
   For more information, see Working out your number of dependent children.
2. Indicate if you were in one of the exemption categories at any time during 2017–18.
   If **Yes**, go to step 3.
   If **No**, go to step 6.
3. Enter the number days you qualify for full exemption, in **Full 2% levy exemption – number of days**.
4. Enter the number days you qualify for half exemption, in **Half 2% levy exemption – number of days**.
5. If you entered one or more days in **Full 2% levy exemption – number of days**, answer the question **Were you a temporary**

resident for Medicare purposes and have a Medicare entitlement statement from the Department of Human Services (now known as Services Australia)?

6. Go to the **Medicare levy surcharge** section.

Medicare levy reduction

Medicare levy exemption

Check if you qualify for an exemption from paying the Medicare levy.

Reduced taxable income to take account of certain superannuation lump sums

Definitions – Medicare levy reduction or exemption

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Medicare levy reduction

Last updated 28 June 2018

Your eligibility for a reduction of your Medicare levy is based on your and your spouse's taxable income and your circumstances.

We will work out any reduction for you based on the information in your tax return.

Table 1 - Medicare levy thresholds for an individual

Category	Lower threshold	Upper threshold
If you were entitled to the seniors and pensioners tax offset	$34,758	$43,447
All other taxpayers	$21,980	$27,475

If you have a spouse, you may not get the seniors and pensioners tax offset even if you meet all the eligibility conditions as the amount of the tax offset is based on your individual rebate income, not your combined rebate income. If you do not get the offset, merely being eligible for it will not entitle you to a Medicare levy reduction.

For this section, your taxable income excludes the taxed element of certain superannuation lump sums you received during 2017–18 while you were aged between your **preservation age** and 59 years old (see Reduced taxable income to take account of certain superannuation lump sums).

Where do you fit?

Your circumstance	What to do
Your taxable income is equal to or less than your lower threshold amount.	You do not have to pay the Medicare levy
Your taxable income is greater than your lower threshold amount and less than or equal to your upper threshold amount, and you are single with no dependants.	You pay only part of the Medicare levy. We will work it out. Go to Medicare levy exemption to see if you qualify for an exemption.
Your taxable income is over your upper threshold amount, and you are single with no dependants.	You do not qualify for a reduction. Go to Medicare levy exemption to see if you qualify for an exemption.

Your taxable income is greater than your lower threshold amount but you: • had a spouse • had a spouse who died during the year, and you did not have another spouse before the end of the year, or • are entitled to an **Invalid and invalid carer tax offset** in respect of your child, or • at any time during 2017–18 had sole care of one or more dependent children or students.	You may be eligible for a Medicare levy reduction based on family taxable income: • to work out your family taxable income, use worksheet 1 • and to work out your family taxable income limit, use worksheet 2

Working out your number of dependent children

Family taxable income

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Working out your number of dependent children

Last updated 28 June 2018

A dependent child is any child who was an Australian resident whom you maintained in 2017–18 and whose adjusted taxable income was less than the amounts in the table below.

Dependent children - ATI thresholds

Category of dependent child	ATI if maintained for the whole year	ATI if not maintained for the whole year
Any child under 21 years old you maintained who was **not** a full-time student	For the first child: $1,786 For each additional child: $1,410	For the first child: $282 plus $28.92 for each week you maintained them For each additional child: $282 plus $21.70 for each week you maintained them
Any full-time student aged under 25 years old at a school, college or university	$1,786	$282 plus $28.92 for each week you maintained them

If you had a spouse on 30 June 2018 or your spouse died during 2017–18 and you did not have another spouse before the end of the year, count all your dependent children.

If you were single or separated on 30 June 2018, count only the number of dependent children for whom you received the family tax benefit (FTB) during all or part of 2017–18. Count them even if you received only the rental assistance component of FTB Part A and you shared the care of the dependent child.

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Family taxable income

Last updated 28 June 2018

Family taxable income is:

- the combined taxable incomes of you and your spouse (including a spouse who died during the year), or

- your taxable income if you were a sole parent.

Worksheet 1 - Family taxable income

Row	Calculation	Amount
a	Your taxable income from **Taxable income**	$
b	Any relevant amounts of superannuation lump sums that you received (see Reduced taxable income to take account of certain superannuation lump sums)	-
c	Take row **b** away from **a**. If the amount is less than $0, write $0.	-
d	Your spouse's taxable income from **Taxable income** on their tax return (if applicable)	$
e	Any relevant amounts of superannuation lump sums that your spouse received (see Reduced taxable income to take account of certain superannuation lump sums)	-
f	Take row **e** away from **d**. If the amount is less than $0, write $0.	$
g	Add rows **c** and **f**. This is your family taxable income.	$

Working out your family taxable income limit

Your Medicare levy is reduced if your family taxable income is equal to or less than the following limits.

Worksheet 2 - Family taxable income limit

Row	Calculation	Amount

h	If you were entitled to the **seniors and pensioners tax offset**, enter $60,481. For all other taxpayers, enter $46,361	$
i	Number of dependent children (if applicable, see note below)	-
j	Multiply row **i** by $4,257 (see note below).	$
k	**Family taxable income limit**. Add the appropriate amount from row **h** to the amount at row **j**.	$

Note: If you are a sole parent, you can only increase your family taxable income limit for a dependent child if the family tax benefit is payable to you for that dependent child.

If your family taxable income at row **g** in Worksheet 1 is equal to or less than your family taxable income limit at row **k** in Worksheet 2, you are entitled to a reduction.

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Medicare levy exemption

Check if you qualify for an exemption from paying the Medicare levy.

Last updated 28 June 2018

You may qualify for an exemption from paying the Medicare levy if you were in any of the following three exemption categories at any time in 2017–18. These categories are:

- medical
- foreign resident
- not entitled to Medicare benefits.

If you do not fit into one of the exemption categories, go to **Medicare levy surcharge**.

For the Medicare levy exemption (but not the reduction), dependant means an Australian resident you maintained who was:

- your spouse
- your child under 21 years old, or
- your child, 21 to 24 years old, who was receiving full-time education at a school, college or university and whose adjusted taxable income for the period you maintained the child was less than the total of $282 plus $28.92 for each week you maintained them.

If the parents of a child lived separately and apart for all or part of the income year and the child was a dependant of each of them, the child is treated as an equal dependant of each parent (irrespective of the number of days the child was in each parent's care). However, where a parent receives FTB Part A for the child, including receiving only the rental assistance component, the child is a dependant of that parent for the number of days the child was in their care.

Category 1: Medical

Category 2: Foreign resident

Category 3: Not entitled to Medicare benefits

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Category 1: Medical

Last updated 28 June 2018

You are in this exemption category and can claim a full or half exemption if:

- one of the following applied during all or part of 2017–18
  - you were a **blind pensioner**
  - you received **sickness allowance** from Centrelink
  - you were entitled to full free medical treatment for all conditions under **defence force** arrangements or **Veterans' Affairs** Repatriation Health Card (Gold Card).

- during the period you met that condition, you also met one of the following conditions.

Additional conditions - Exemption that applies

Additional condition met	Exemption that applies
You had no dependants.	Full
Each of your dependants (including your spouse if you had one) either: • was in one of the exemption categories, or • had to pay the Medicare levy.	Full
You had dependent children who were not in an exemption category but who were also dependants of your spouse, and your spouse either: • had to pay the Medicare levy, or • met at least one of the **Category 1: Medical** conditions and you have completed a family agreement stating that your spouse will pay the half levy for your joint dependants.	Full
You had at least one dependant (for example, a spouse) who: • was not in an exemption category, and	Half

• did not have to pay the Medicare levy (for example, because their taxable income was below the lower Medicare levy threshold), see table 1.	
You were single or separated and you: • had a dependent child who was not in a Medicare levy exemption category, and • were entitled to FTB Part A or the rental assistance component of FTB Part A for that child, and • were in a shared-care arrangement. Then exemption from the Medicare levy is on the following basis: • for the days that you **had care** of your dependent child	Half
You were single or separated and you: • had a dependent child who was not in a Medicare levy exemption category, and • were entitled to FTB Part A or the rental assistance component of FTB Part A for that child, and • were in a shared-care arrangement. Then exemption from the Medicare levy is on the following basis: • for the days that you **did not have care** of your dependent child	Full
You had a spouse who met at least one of the **Category 1: Medical** conditions and you had a dependent child who: • was not in an exemption category, and • was dependent on both of you. In this case, either you or your spouse can claim a full exemption and the other can	Full or Half

claim a half exemption by completing a family agreement.	

Family agreements

A family agreement is a written agreement signed by you and your spouse. You complete a family agreement only if both you and your spouse would have to pay the Medicare levy were it not for your exemption category status. You do not need to send this agreement to us. Keep it with your records. The agreement must contain:

- the statement: "We agree that the Medicare levy exemption in respect of our dependants for the 2017–18 year will be claimed as follows."
- name of person claiming the **full** exemption
- name of person claiming the **half** exemption
- your signature
- your spouse's signature.

The agreement must be signed before the date the person claiming the full exemption lodges their tax return, unless the Commissioner allows further time.

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Category 2: Foreign resident

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If you were a foreign resident for tax purposes for the full year, you can claim a full exemption for the year (365 days).

If you were a foreign resident for only part of the year, you can claim a full exemption for that period if:

- you did not have any dependants for that period, or
- all your dependants were in an exemption category for that period.

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Category 3: Not entitled to Medicare benefits

Last updated 28 June 2018

You can claim a full exemption for any period for which you have a Medicare entitlement statement from the Department of Human Services (now known as Services Australia) showing you were not entitled to Medicare benefits because you were a temporary resident for Medicare purposes, and either:

- you did not have any dependants for that period, or
- all your dependants were in an exemption category for that period.

A letter from the Department of Human Services (now known as Services Australia) is not sufficient. For more information on how to apply for a Medicare entitlement statement as a temporary resident, refer to the **Department of Human Services (now known as Services Australia) website**.

You also qualify for a full exemption under this category if:

- you were a member of a diplomatic mission or consular post in Australia (or a member of such a person's family and you were living with them)
- you were not an Australian citizen
- you do not ordinarily live in Australia, and either
  - you did not have any dependants for that period, or
  - all your dependants were in an exemption category for that period.

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Reduced taxable income to take account of certain superannuation lump sums

Last updated 28 June 2018

For Medicare levy purposes, your taxable income excludes the taxed element of a superannuation lump sum, other than a death benefit, that you received when you were aged between your **preservation age** and 59 years old that does not exceed your low-rate cap for 2017–18. For 2017–18, the low-rate cap is $200,000 but it could be less if you received superannuation lump sums in previous years.

For more information, see Low-rate cap amount for taxable components of superannuation lump sum payments.

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Definitions – Medicare levy reduction or exemption

Last updated 28 June 2018

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Maintaining a dependant

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Sole care

> Spouse

Adjusted taxable income

A person's adjusted taxable income is the sum of the following amounts:

- taxable income
- adjusted fringe benefits total, which is the sum of:
  - reportable fringe benefits amounts received from employers exempt from fringe benefits tax under section 57A of the *Fringe Benefits Tax Assessment Act 1986* multiplied by 0.53, and
  - reportable fringe benefits amounts from employers not exempt from fringe benefits tax under section 57A of the *Fringe Benefits Tax Assessment Act 1986*
- **reportable employer superannuation contributions**
- deductible **personal superannuation contributions**
- certain **tax-free government pensions or benefits** received by the person
- **target foreign income** (income and certain other amounts from sources outside Australia not included in your taxable income or received as a fringe benefit)
- **net financial investment loss** (the amount by which the person's deductions attributable to financial investments exceeded their total financial investment income)
- **net rental property loss** (the amount by which the person's deductions attributable to rental property exceeded their rental property income)

less

- any **child support payments** the person provided to another person.

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 2017–18 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.

Shared care

You had shared care if you, and your spouse if you had one, cared for your child for some of the income year, and someone else, such as a former spouse, cared for the child for the rest of the income year.

If you received family tax benefit (FTB) Part B as part of a shared-care arrangement, you will need to know your FTB shared-care percentage to calculate your spouse offset. Your FTB shared-care percentage is usually not the same as your 'shared care percentage' which appears on correspondence you have received from the Department of Human Services (now known as Services Australia).

If you do not know your FTB shared-care percentage, refer to the **Department of Human Services (now known as Services Australia) website.**

Sole care

Sole care means that you alone had full responsibility, on a day-to-day basis, for the upbringing, welfare and maintenance of a child or student. You are not considered to have sole care if you are living with a spouse (married or de facto) unless special circumstances exist. Generally, for special circumstances to exist, you must be financially responsible for the dependent child or student and have sole care without the support that a spouse normally provides.

Situations where special circumstances may arise include the following:

- You were married at any time during 2017–18 but during the year you separated from, or were deserted by, your spouse and for that period you were not in a de facto relationship.
- Your spouse was in prison for a sentence of at least 12 months.
- Your spouse is medically certified as being permanently mentally incapable of taking part in caring for the child or student.

If you are not sure whether special circumstances apply, phone **13 28 61**.

Spouse

Your spouse includes another person (of any sex) who, for the income year:

- 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.

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Medicare levy surcharge (MLS)

Information about MLS rate and how to complete this section.

Last updated 28 June 2018

The Medicare levy surcharge (MLS) is in addition to the Medicare levy. Depending on your income for MLS purposes, the MLS rate is 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.

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 health hospital cover, and
- your income for MLS purposes is above the threshold.

For further help about this section, use the left hand side table of contents.

Completing this section

If you had private patient hospital cover during 2017–18, you will need a statement from your health insurer showing the number of days you and your dependants were covered by an appropriate level of health cover. If you do not have this statement, contact your health insurer.

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.

1. Answer the question **Were you and all your dependants covered by an appropriate level of private patient hospital cover from 1 July 2017 to 30 June 2018?**
   If **Yes**, go to the **Private health insurance** section.
   If **No**, go to step 2.
2. If your income for MLS purposes is below the threshold for your circumstance as outlined in table 2, myTax may advise you that you do not have to pay the Medicare levy surcharge.
   Otherwise, work out the **Number of days you do not have to pay the surcharge**.
   a. If you or your family were covered by an appropriate level of private patient hospital cover for only part of the year, read below to help you work out the number of days you do not have to pay the surcharge.
   b. If you were in a Medicare levy surcharge exemption category for the whole of 2017–18, you do **not** have to pay MLS, enter **365**.
      I. If you have to pay the surcharge for:
      II. the whole period 1 July 2017 to 30 June 2018, enter **0**
      III. part of the period 1 July 2017 to 30 June 2018, enter the number of days for which you do **not** have to pay the

surcharge.

3. If you had private patient hospital cover for any part of the year, go to the **Private health insurance** section.

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 were single** and took out private patient hospital cover during the year use the following example to help you work out how many days you are liable to pay MLS.

Example: Part-year private patient hospital cover

In 2017–18, Jacinta was single and had no dependants. She had income for MLS purposes of $95,000. 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 2018. Because Jacinta's income for MLS purposes was above the single surcharge threshold of $90,000 and she did not have private patient hospital cover for the full year, she will have to pay MLS for the part of the year that she did not have private patient hospital cover.

Jacinta will not have to pay MLS for the time she had private patient hospital cover, that is, 15 January 2018 to 30 June 2018 (167 days).

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

If **some members of your family** were covered by private patient hospital cover for the whole year and other members of your family had cover for only part of the year, use the following example to help you work out how many days you are liable to pay MLS.

Example: Part-year liability

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 had his name added to the policy on 10 January 2018.

Jill and Kevin had a combined income for MLS purposes of $190,000. The family surcharge threshold for Jill and Kevin is $183,000 (that is, $180,000 plus 2 × $1,500). Because not everyone was covered for the period 1 July 2017 to 9 January 2018 and their combined income for MLS purposes exceeds the family surcharge threshold, Jill and Kevin are both liable for MLS for this period (193 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.

You need to know

Medicare levy surcharge income testing

Medicare levy surcharge exemption

Definitions – Medicare levy surcharge

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You need to know

Last updated 28 June 2018

If you do not have an appropriate level of private patient hospital cover, you may be liable for MLS. Whether or not you are liable to pay MLS depends on:

- your income for MLS purposes, and
- your combined income for MLS purposes, if you had a spouse in 2017–18 or if your spouse died in 2017–18.

Working out your income for MLS purposes

We will work out your income for MLS purposes.

If you want to know how to work out your and your spouse's income (if relevant) for MLS purposes, complete **Worksheet 3** 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 3.

If you were aged between your **preservation age** and 59 years old, write at row **k** the taxed element amount of superannuation lump sums, other than a death benefit, you received during 2017–18 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 2018.

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 3

Row	Working out income for MLS purposes	You	Spouse
a	Taxable income	$	$
b	Total reportable fringe benefits amount This is the sum of: • Your reportable fringe benefits amounts from employers exempt from FBT under section 57A of FBTAA 1986 • Your reportable fringe benefits amounts from employers not exempt from FBT under section 57A of FBTAA 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 between your preservation age and 59 years old, write here the taxed element amount of superannuation lump sums, other than a death benefit, received during 2017–18 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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Medicare levy surcharge income testing

Last updated 28 June 2018

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> [Which income threshold do you use if, during the year, you had a new spouse or separated from your spouse, or you became or ceased to be a sole parent?]
>
> [Your spouse shows a lump sum payment in arrears.]

The Medicare levy surcharge is income tested against the following income tier thresholds:

Table 2 - Income thresholds

	Threshold	Tier 1	Tier 2	Tier 3
Singles	$90,000 or less	$90,001–$105,000	$105,001–$140,000	$140,001 or more
Families (see note)	$180,000 or less	$180,001–$210,000	$210,001–$280,000	$280,001 or more
Rates	0.0%	1.0%	1.25%	1.5%

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

Which income threshold do you use if, during the year, you had a new spouse or separated from your spouse, or you became or ceased to be a sole parent?

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.

You need to work out whether you were liable for MLS for any period during 2017–18 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 2017–18 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 2017–18 and you apply the family surcharge threshold of $180,000, plus $1,500 for each dependent child after the first.

If your income for MLS purposes (or if you have a spouse, your combined income for MLS purposes) was above the relevant surcharge threshold that applies to you, and you and all of your dependents (including your spouse, if any) did not have an appropriate level of private patient hospital cover, or were not in a Medicare levy exemption category for the whole year, then you may be liable for MLS.

Your spouse shows a lump sum payment in arrears.

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 2017-18 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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Medicare levy surcharge exemption

Last updated 28 June 2018

If you fit into one of the following categories, you are exempt from MLS for the whole of 2017–18.

Surcharge exemption categories

- Your income for MLS purposes was $90,000 or less, and for the whole of 2017–18, you were single without a dependent child.
- Your income for MLS purposes was $90,000 or less, and
  - for part of 2017–18 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.
- You were single with a dependent child for the whole of the year and your income for MLS purposes was $180,000 or less (plus $1,500 for each dependent child after the first).
- You had a spouse (with or without dependent children) for the whole of the year, and your combined income for MLS purposes was $180,000 or less (plus $1,500 for each dependent child after the first). In working out whether your income exceeds an MLS income threshold, if your spouse died in 2017–18 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 2017–18.
- You and all your dependants (including your spouse, if any) were in a [Medicare levy exemption category]() for the whole of 2017–18.
- The combined income of you and your spouse for MLS purposes was above the limit, but your own income for MLS purposes was $21,980 or less.

Definitions – Medicare levy surcharge

Last updated 28 June 2018

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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:

- $500 or less (for a policy covering only one person), or
- $1,000 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 have health cover but are not sure whether it is at the appropriate level, you registered health insurer can tell you.

Child

Child includes:

- your adopted child, stepchild or ex-nuptial 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).

Dependants

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

- spouse, even if they worked during 2017–18 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 2017–18 and you must have contributed to their maintenance.

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

- 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.

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

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 2017–18 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.

Superannuation lump sums and income for MLS

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 between your **preservation age** and 59 years old that does not exceed your low-rate cap amount for 2017–18. For 2017–18 the low-rate cap amount is $200,000, but it could be less for you if you had received certain superannuation lump sums in previous years. For more information, see table 3 below and the definition of low-rate cap.

Table 3: 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%

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

Details about the the low-rate cap amount concession.

Last updated 28 June 2018

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 2017–18, the low-rate cap amount is a maximum of $200,000, but it could be less for you if before July 2017 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 ($200,000 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 4** below.

Consequently, for 2017–18 the maximum amount for which you can be taxed at a concessional rate is $200,000 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 Super and tax.

Table 4: 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, $1,445,000 (see Note 1)	30%
Untaxed element	Over the untaxed-plan cap amount, $1,445,000 (see Note 1)	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, $200,000 (see Note 2)	Tax free
Taxed element	Over the low rate cap amount, $200,000 (see Note 2)	15%
Untaxed element	Up to the low rate cap amount, $200,000 (see Note 2)	15%

Untaxed element	Over the low rate cap amount, $200,000 (see Note 2) and up to the untaxed-plan cap amount, $1,445,000 (see Note 1)	30%
Untaxed element	Over the untaxed-plan cap amount, $1,445,000 (see Note 1)	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 element	Up to the untaxed-plan cap amount, $1,445,000 (See Note 1)	15%
Untaxed element	Over the untaxed-plan cap amount, $1,445,000 (see Note 1)	45%

Note 1: For 2017–18, the untaxed-plan cap amount is a maximum of $1.445 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 2: For 2017–18, the low-rate cap amount is a maximum of $200,000, 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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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.