



Medicare levy reduction

Find out if you are eligible for a Medicare levy reduction based on your income or family income.

Medicare levy reduction for low-income earners

Your Medicare levy is reduced if your taxable income is below a certain amount, or you may not have to pay it at all.

Medicare levy reduction – family income

Find out if you are eligible for a Medicare levy reduction based on your family income.

QC 71225

Medicare levy reduction for low-income earners

Your Medicare levy is reduced if your taxable income is below a certain amount, or you may not have to pay it at all.

Last updated 1 July 2024

In 2023–24, you **do not** have to pay the Medicare levy if your taxable income is equal to or less than the lower threshold.

Your Medicare levy will be reduced if your taxable income is above the lower threshold and at or below the upper threshold. We work out the reduction for you when you lodge your tax return.

Table: Medicare levy thresholds for an individual

Category	Lower threshold	Upper threshold
If you were entitled to the Seniors and pensioners tax offset	\$41,089	\$51,361 (see note 1)
All other taxpayers	\$26,000	\$32,500

Note 1: The entitlement to the seniors and pensioners tax offset for singles ceases when the rebate income reaches \$50,119.

You may still qualify for a reduction based on your family taxable income.

If you do not qualify for a reduction in the Medicare levy, you may still qualify for a Medicare levy exemption.

You can use the Medicare levy calculator to work out your Medicare levy payable.

Example: Medicare levy reduction based on income within the threshold

Angie's taxable income is \$27,000. Angie is single with no dependants and she is not entitled to SAPTO. Angie isn't eligible for any Medicare levy exemptions.

Angie is entitled to a Medicare levy reduction because her taxable income is less than the threshold. Angie completes her tax return and we work out her Medicare levy reduction for her.

Angie uses the Medicare levy calculator to find out how much Medicare levy she will pay. She enters her details and finds out her Medicare levy will be reduced to \$100.

QC 27031

Medicare levy reduction – family income

Find out if you are eligible for a Medicare levy reduction based on your family income.

Last updated 26 July 2024

Eligibility for Medicare levy reduction – family taxable income

You may be eligible for a Medicare levy reduction based on your family taxable income if you meet both of the following:

1. Your individual taxable income was more than \$32,500 (\$51,361 for seniors and pensioners entitled to the **seniors and pensioners tax offset (SAPTO)**) in 2023–24.
2. You either
 - had a spouse (married or de facto)
 - had a spouse that died during the year, and you did not have another spouse before the end of the year
 - are entitled to an **invalid or invalid carer tax offset** in respect of your child
 - had [sole care](#) of one or more dependent children.

If you have a spouse, you may not get SAPTO even if you meet all the eligibility conditions. This is because the amount of the tax offset is based on your individual rebate income, not your combined rebate income. Even if you are eligible for SAPTO but do not get the offset, it doesn't entitle you to a Medicare levy reduction.

You can use the **Medicare levy calculator** to work out your Medicare levy payable.

Family taxable income thresholds

Your Medicare levy is reduced if your family income is below a certain amount. In some cases, you may not have to pay this levy at all.

In 2023–24, you do not have to pay the Medicare levy if your family income is equal to or less than the family income threshold.

Any Medicare levy you have to pay will be reduced if your family income is above the lower family income threshold and at or below an upper threshold. We work out any reduction for you when you lodge your tax return.

The lower family income threshold is:

- \$43,846, or
- \$57,198 if you are entitled to the seniors and pensioners tax offset.

The lower family income threshold increases by \$4,027 for each dependent child.

The upper family income threshold is:

- \$54,807, or
- \$71,497 if you are entitled to the seniors and pensioners tax offset (if your entitlement to the seniors and pensioners tax offset reduces to zero before you reach the upper limit you must use the threshold of \$54,807).

The upper income threshold increases by \$5,034 for each dependent child.

Calculate your family taxable income

Family taxable income is either:

- the combined taxable income of you and your spouse (including a spouse who died during the year)
- your taxable income if you were a sole parent.

If you received a superannuation lump sum payment when you reached your **preservation age** and were under 60 years old, the amount of the taxed element (not including the amount of any death benefit) that does not exceed your low-rate cap for the year is not included in your taxable income for Medicare levy purposes.

Your low-rate cap is the cap amount that applies to that year less any superannuation lump sums you received in previous years.

Example: Medicare levy reduction based on family taxable income

Ashton is 68 years old and his taxable income is \$41,700 in 2023–24. Ashton has a spouse, no dependent children and is eligible for SAPTO. Ashton's spouse's taxable income was \$29,700 in 2023–24. Ashton isn't eligible for a Medicare levy exemption.

Ashton and his spouse's family taxable income is \$71,400 (\$41,700 + \$29,700).

Ashton is entitled to a Medicare levy reduction based on his family taxable income. Ashton completes his tax return and we work out his Medicare levy reduction for him.

Ashton uses the [Medicare levy calculator](#) to find out how much Medicare levy he will pay. He enters his and his spouse's details and finds out his Medicare levy will be reduced to \$56.54.

Dependent children for Medicare levy reduction purposes

For Medicare levy reduction purposes, a dependent child is any child:

- you maintained who was an Australian resident, and
- whose **adjusted taxable income** was less than the amounts in the table below.

Dependent children – Adjusted taxable income (ATI) thresholds

Category of dependent child	ATI if not maintained for the whole year	ATI if maintained for the whole year
Any child under 21 years old you	For the first child:	For the first child:

maintained who was not a full-time student	<p>\$282 plus \$28.92 for each week you maintained them</p> <p>For each additional child:</p> <p>\$282 plus \$21.70 for each week you maintained them</p>	<p>\$1,786</p> <p>For each additional child:</p> <p>\$1,410</p>
Any full-time student aged under 25 years old at a school, college or university	\$282 plus \$28.92 for each week you maintained them	\$1,786

Sole care definition

Sole care means you alone had full responsibility for the upbringing, welfare and maintenance of a child or student.

You aren't considered to have sole care if you are living with a spouse (married or de facto) unless there are special circumstances. For example, if a spouse is medically incapable of assisting you with the care.

QC 27032

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