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Medicare levy

Find out about the Medicare levy and if you are eligible for an exemption or reduction.

What is the Medicare levy?

The Medicare levy is an amount you pay in addition to the tax you pay on your taxable income.

Medicare levy exemption

Find out about Medicare levy exemptions for medical conditions, foreign residents or entitlement to Medicare benefits.

Medicare levy reduction

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

QC 27030

What is the Medicare levy?

The Medicare levy is an amount you pay in addition to the tax you pay on your taxable income.

Last updated 30 April 2026

The Medicare levy helps fund some of the costs of Australia's public health system known as Medicare. The Medicare levy is 2% of your taxable income.

Media: Medicare levy and Medicare levy surcharge explained https://tv.ato.gov.au/ato-tv/media?v=bi9or7od7oq6a3 (**Duration:** 00:56)

You may get a reduction or exemption from paying the Medicare levy, depending on you and your spouse's income and circumstances. You need to consider your eligibility for a reduction or an exemption separately.

We calculate your Medicare levy when you lodge your tax return. Generally, the pay as you go amount your employer withholds from your salary or wages includes an amount to cover the Medicare levy.

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

The Medicare levy surcharge (MLS) is a separate levy to the Medicare levy. Depending on your personal circumstances, you may need to pay the MLS in addition to the Medicare levy.

Example: working out how much Medicare levy to pay

Matthew earns an income of $76,000 annually. He has $1,000 of allowable deductions.

Matthew is single and doesn't have any dependants. Matthew isn't entitled to the Seniors and pensioners tax offset (SAPTO) and isn't eligible for any Medicare levy exemptions or reductions.

Matthew will pay a Medicare levy of 2% of his taxable income.

Matthew works out his taxable income as:

Assessable income – allowable deductions = taxable income

$76,000 – $1,000 = $75,000

The amount of Medicare levy Matthew pays is:

$75,000 × 0.02 = $1,500

The Medicare levy is automatically calculated when Matthew completes his tax return.

QC 71228

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