



Medicare levy questions M1–M2 – Individual tax return 2025

Instructions to help you to complete Medicare levy questions M1 and M2 in your paper individual tax return.

M1 Medicare levy reduction or exemption 2025



Complete question M1 to work out whether you qualify for a Medicare levy reduction or exemption.

M2 Medicare levy surcharge 2025



Complete question M2 to work out whether you need to pay the Medicare levy surcharge. Question M2 is compulsory.

Private health insurance policy details 2025



Complete this question if you had private health insurance policy cover or pay for a dependant-person-only policy.

QC 104127

M1 Medicare levy reduction or exemption 2025

Complete question M1 to work out whether you qualify for a Medicare levy reduction or exemption.

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On this page

Things you need to know

Part A – Medicare levy reduction

Completing your tax return – Medicare levy reduction

Part B – Medicare levy exemption

Family agreements

Completing your tax return – Medicare levy exemption

Where to go next

Things you need to know

Australian residents for tax purposes are subject to a Medicare levy of 2% of their taxable income unless they qualify for a reduction or exemption. See, [Your tax residency](#)

If you're not an Australian resident for tax purposes for the whole of 2024–25, you may be exempt from the Medicare levy. To work out whether you're exempt, see [Part B – Medicare levy exemption](#).

We base a:

- Medicare levy reduction on your taxable income
- Medicare levy exemption on specific categories.

You need to consider your eligibility for a reduction or an exemption separately.

Complete [Part A](#) to work out if you can claim the Medicare levy reduction. If you aren't eligible for a reduction.

Complete [Part B](#) to work out if you can claim a Medicare levy exemption.

If you want to work out the amount of Medicare levy you have to pay, you can use our [Medicare levy calculator](#).

Part A – Medicare levy reduction

We base your eligibility for a Medicare levy reduction on your and your spouse's taxable income and your number of dependent children.

Your taxable income must be equal to or less than the relevant upper threshold in **table 1** for you to qualify for a reduction. If your taxable income is equal to or less than the relevant lower threshold, you don't pay the Medicare levy.

We'll work out any reduction for you. To work out how to complete your tax return, see [Your circumstances and what to do next](#).

Table 1: Medicare levy thresholds for a single individual

Category	Lower threshold	Upper threshold
If you're entitled to the seniors and pensioners tax offset (see T1 Seniors and pensioners tax offset 2025)	\$43,020	\$53,775 (see note)
All other taxpayers	\$27,222	\$34,027

Note: The entitlement to the seniors and pensioners tax offsets ceases when rebate income reaches \$52,759

If you have a spouse, you may not get the seniors and pensioners tax offset even if you meet all the eligibility conditions as we base the amount of the tax offset on your individual **rebate income**, not your combined rebate income. If you don't get the tax offset, merely being eligible for it won't entitle you to a Medicare levy reduction.

Your circumstances and what to do next

Your circumstance	What to do
Your taxable income is equal to or less than your lower	You don't have to pay the Medicare levy. Don't write

threshold amount. See, Table 1 .	anything at question M1 in your tax return. Go to, Where to go next .
Your taxable income is greater than your lower threshold amount and less than or equal to your upper threshold amount. See, Table 1 .	<p>You pay only part of the Medicare levy. We will work it out.</p> <p>Go to, Part B if you're single with no dependants to see if you qualify for an exemption.</p>
Your taxable income is over your upper threshold amount, and you're single with no dependants. See, Table 1 .	<p>You don't qualify for a reduction.</p> <p>Go to, Part B to see if you qualify for an exemption.</p>
<p>Your taxable income is greater than your lower threshold amount but you:</p> <ul style="list-style-type: none"> • have a spouse, or • have a spouse who dies during 2024–25, and you don't have another spouse in 2024–25, or • are entitled to an invalid and invalid carer tax offset in respect of your child at question T5, or • at any time during 2024–25, have sole care of one or more dependent children or students. <p>See, Table 1.</p>	<p>You may be eligible for a Medicare levy reduction based on family taxable income:</p> <ul style="list-style-type: none"> • first work out your family taxable income using Worksheet 1 • then use Worksheet 2 to work out your family taxable income limit.

Definition of sole care

Sole care means that you alone have full responsibility, on a day-to-day basis, for the upbringing, welfare and maintenance of a child or student. You're not considered to have sole care if you're 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're married at any time during 2024–25 but
 - during 2024–25, you separate from, or are deserted by, your spouse, and
 - for the remainder of 2024–25, you aren't in a de facto relationship.
- Your spouse is in prison for a sentence of 12 months or more.
- Your spouse is medically certified as being permanently mentally incapable of taking part in caring for the child or student.

If you're not sure whether special circumstances apply, [contact us](#).

Working out your number of dependent children

A dependent child is any child who is an Australian resident who you maintain in 2024–25 and whose adjusted taxable income (see [Adjusted taxable income for you and your dependants 2025](#)) is less than the amounts in the table.

Dependent children – 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 maintain who isn't a full-time student	<p>For the first child:</p> <ul style="list-style-type: none">• \$282 <i>plus</i> \$28.92 for each week you maintain them <p>For each additional child:</p> <ul style="list-style-type: none">• \$282 <i>plus</i> \$21.70 for each	<p>For the first child:</p> <ul style="list-style-type: none">• \$1,786 <p>For each additional child:</p> <ul style="list-style-type: none">• \$1,410

	week you maintain them	
Any full-time student who is under 25 years old at a school, college or university	\$282 <i>plus</i> \$28.92 for each week you maintain them	\$1,786

If you have a spouse on 30 June 2025, or your spouse dies during 2024–25 and you don't have another spouse on or before 30 June 2025, count all your dependent children.

If you're single or separated on 30 June 2025, count only the number of dependent children for who you receive the family tax benefit (FTB) during all or part of 2024–25. Count them even if you receive only the rental assistance component of FTB Part A and you share the care of the dependent child.

Write the number of dependent children you had during 2024–25 at **Worksheet 2 – row e**.

Family taxable income

Family taxable income is either:

- the combined taxable incomes of you and your spouse (including a spouse who dies during 2024–25)
- your taxable income if you're a sole parent.

Worksheet 1: Family taxable income

Row	Calculation	Amount
a	Your taxable income from Taxable income or loss . If the amount is less than \$0 (zero), write \$0.	\$
b	Your spouse's taxable income from Taxable income or loss in their tax return (if applicable). If the amount is less than \$0 (zero), write \$0.	\$
c	Add row a and row b . This is your family taxable income.	\$

Working out your family taxable income limit

Your family taxable income must be equal to or less than the limit in **worksheet 2** for you to qualify for a Medicare levy reduction.

Worksheet 2: Family taxable income limit

Row	Calculation	Amount
d	If you're entitled to the seniors and pensioners tax offset, enter \$74,857. For all other taxpayers, enter \$57,383.	\$
e	Number of dependent children (if applicable, see note).	Children
f	Multiply row e by \$5,270 (see note).	\$
g	Family taxable income limit. Add the appropriate amount from row d to the amount at row f .	\$

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

Is your family taxable income at **worksheet 1** – row **c** equal to or less than your family taxable income limit at **worksheet 2** – row **g**?

- **Yes** – You qualify for a Medicare levy reduction. Go to [Step 1](#).
- **No** – You don't qualify for a reduction. Go to [Part B](#) to see if you qualify for an exemption.

Completing your tax return – Medicare levy reduction

To complete this question, follow the steps.

Step 1

If you have a spouse on 30 June 2025, or your spouse dies during 2024–25 and you don't have another spouse on or before 30 June

2025, write your spouse's taxable income at question **Spouse details – married or de facto** – label **O** in your tax return. If your spouse has no taxable income, write **0** (zero).

Step 2

Write the number of your dependent children (from **worksheet 2** – row **e**) at question **M1** – label **Y**. If you have none, write **0** (zero).

We work out the reduction for you, using your spouse details and number of dependent children.

Read on to see if a Medicare levy exemption applies to you for all or part of 2024–25.

Part B – Medicare levy exemption

You may qualify for a Medicare levy exemption if you're in any of the following 3 exemption categories at any time in 2024–25. These categories are:

- [medical](#)
- [foreign resident](#)
- [not entitled to Medicare benefits.](#)

If you don't fit into one of the exemption categories, leave question **M1** – labels **V** and **W** blank and go to **Where to go next**.

For the Medicare levy exemption (but not the reduction), **dependant** means an Australian resident you maintain who is any of the following:

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

For the meaning of maintaining a dependant and ATI, see **Adjusted taxable income for you and your dependants 2025**.

If the parents of a child live separately and apart for all or part of 2024–25 and the child is a dependant of each of them, treat the child as an equal dependant of each parent (irrespective of the number of

days the child is in each parent's care). However, where a parent receives FTB Part A for the child, even if receiving only the rental assistance component, the child is a dependant of that parent for the number of days the child is in their care.

Category 1: Medical

You're in this exemption category and can claim a full or half exemption if one of the following applies during all or part of 2024–25, you're:

- a **blind pensioner**
- 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 meet **one** of the following conditions in the table.

Additional medical exemption conditions – type of exemption that applies

Additional condition met	Exemption that applies
You have no dependants.	Full
Each of your dependants (including your spouse if you have one) either: <ul style="list-style-type: none">• is in one of the exemption categories• needs to pay the Medicare levy.	Full
You have dependent children who aren't in an exemption category but who are also dependants of your spouse, and your spouse either: <ul style="list-style-type: none">• has to pay the Medicare levy• meets at least one of the Category 1: Medical conditions and you have a family agreement stating that your spouse will pay the half levy for your joint dependants.	Full

<p>You have at least one dependant (for example, a spouse) who both:</p> <ul style="list-style-type: none"> • isn't in an exemption category • doesn't have to pay the Medicare levy (for example, because their taxable income is below the lower Medicare levy threshold), see Table 1. 	Half
<p>You're single or separated and you:</p> <ul style="list-style-type: none"> • have a dependent child who isn't in a Medicare levy exemption category, and • are entitled to FTB Part A or the rental assistance component of FTB Part A for that child, and • are in a shared-care arrangement. <p>Then exemption from the Medicare levy is for the days that you have care of your dependent child.</p>	Half
<p>You're single or separated and you:</p> <ul style="list-style-type: none"> • have a dependent child who isn't in a Medicare levy exemption category, and • are entitled to FTB Part A or the rental assistance component of FTB Part A for that child, and • are in a shared-care arrangement. <p>Then exemption from the Medicare levy is for the days that you don't have care of your dependent child.</p>	Full
<p>You have a spouse who meets at least one of the Category 1: Medical conditions and you have a dependent child who:</p> <ul style="list-style-type: none"> • isn't in an exemption category, and • is dependent on both of you. <p>In this case, either you or your spouse can claim a full exemption and the other can claim a half exemption by completing a family agreement.</p>	Full or Half

If you're in this exemption category, go to [Step 1](#).

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 don't 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 2024–25 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 of the person claiming the full exemption lodges their tax return, unless the Commissioner allows further time.

Category 2: Foreign resident

If you're a foreign resident for tax purposes for the whole of 2024–25, you can claim a full exemption (365 days).

If you're a foreign resident for only part of 2024–25, you can claim a full exemption for that period, if **either**:

- you don't have any dependants for that period
- all your dependants are in an exemption category for that period.

If you're in this exemption category, go to [Step 1](#).

Category 3: Not entitled to Medicare benefits

You can claim a **full** exemption for any period for which you have a Medicare entitlement statement from Services Australia showing you aren't entitled to Medicare benefits because you're a temporary resident for Medicare purposes, and **either**:

- you don't have any dependants for that period

- all your dependants are in an exemption category for that period.

To claim an exemption, you must first submit a **Medicare Entitlement Statement** to Medicare and receive a certification letter from them saying that you aren't entitled to Medicare benefits for a particular period. You can then claim the exemption for the period that Medicare advises.

You need to submit a Medicare entitlement statement to Medicare each income year you want to claim an exemption for.

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

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

If you're in this exemption category, go to [Step 1](#).

If you aren't in any of the exemption categories leave question **M1** – labels **V** and **W** blank. You have finished this question, go to **Where to go next**.

Completing your tax return – Medicare levy exemption

Use the information in the categories to work out whether you qualify for a full exemption or a half exemption and to determine how many dependent children you have during the income year.

To complete this question, follow the steps.

Step 1

Work out the number of days for which you can claim a full exemption and the number of days for which you can claim a half exemption.

The maximum total number of days you can claim is 365. If you have overlapping qualifying periods, count the days in those overlapping

periods only once. If a full exemption period overlaps a part exemption period, count the overlapping days as a full exemption period.

Step 2

Write the number of days you qualify for a full exemption at question **M1** – label **V**.

Write the number of days you qualify for a half exemption at question **M1** – label **W**.

If you're a temporary resident for Medicare purposes and have a **Medicare Entitlement Statement** from Services Australia covering a period in 2024–25 (see [Category 3](#)), then print **C** in the **CLAIM TYPE** box. If you don't fall within this category, leave the **CLAIM TYPE** box blank.

We will work out your exemption entitlement.

Step 3

If you have a spouse at any time in 2024–25, you must complete question **Spouse details – married or de facto** in your tax return.

Where to go next

- Go to question M2 Medicare levy surcharge 2025.
- Return to main menu Individual tax return instructions 2025.
- Go back to Total tax offsets 2025.

QC 104128

M2 Medicare levy surcharge 2025

Complete question M2 to work out whether you need to pay the Medicare levy surcharge. Question M2 is compulsory.

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On this page

Things you need to know

What you need to answer this question

Part year private patient hospital cover

Family cover for part of the year

Completing your tax return

Where to go next

Things you need to know

This question is compulsory.

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
- any amount on which family trust distribution tax has been paid.

Medicare levy surcharge income testing

We income test the MLS against the following income tier thresholds.

Income thresholds

Threshold	Base tier	Tier 1	Tier 2	Tier 3
Single threshold	\$97,000 or less	\$97,001–\$113,000	\$113,001–\$151,000	\$151,001 or more
Family threshold	\$194,000 or less	\$194,001–\$226,000	\$226,001–\$302,000	\$302,001 or more

Medicare levy surcharge	0%	1%	1.25%	1.5%
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Note: The family income threshold increases by \$1,500 for each MLS dependent child after the first child.

You may have to pay MLS for any period during the income year when both of the following apply:

- you, your spouse, or any of your dependants don't have an [appropriate level of private patient hospital cover](#)
- your income for MLS purposes is above the threshold.

Example: Medicare levy surcharge liability

Josh is 35 years old, single, has no dependants, and doesn't have the appropriate level of private patient hospital cover. In 2024–25, Josh's taxable income is \$90,000.

When Josh completes his tax return, he also completes the income test section of the tax return and declares:

- reportable fringe benefits of \$20,000
- net investment losses of \$7,000.

Josh's total income for MLS purposes is \$117,000 (\$90,000 + \$20,000 + \$7,000). This makes him a tier 2 income earner and will determine the percentage of MLS, which is 1.25%. The percentage of MLS is only applied against taxable income and reportable fringe benefits.

In 2024–25, Josh's Medicare levy surcharge liability is:

(\$90,000 taxable income + \$20,000 reportable fringe benefits) × 1.25% = \$1,375

Appropriate level of private patient hospital cover

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

- \$750 or less (for a policy covering only one person)
- \$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' isn't private patient hospital cover because it covers only items such as optical, dental, physiotherapy or chiropractic treatment.

If you have health cover but aren't sure whether it is at the appropriate level, ask your registered health insurer.

Income for MLS purposes

Your income for MLS purposes is your taxable income (excluding any assessable **first home super saver** released amount) *plus* the following if they apply to you:

- reportable fringe benefits (on your income statement or payment summary)
- reportable super contributions (which is the total of both your reportable employer super contributions and your deductible personal super contributions)
- your net investment loss (which is the amount by which your financial investment deductions exceed your financial investment income, *plus* the amount by which your rental property deductions exceed your rental property income)
- the amount on which family trust distribution tax has been paid.

Dependants

For this question, your dependants (regardless of their income) are your:

- spouse, even if they work during 2024–25, or have 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 be Australian residents and you must contribute to their maintenance.

Your **spouse** includes another person who:

- you're in a relationship with that is registered under a prescribed state or territory law
- although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple.

The definition of child includes:

- a child born or adopted in 2024–25
- someone who is a child of the individual within the meaning of the *Family Law Act 1975*.

If you and all your dependants, including your spouse, have an appropriate level of private patient hospital cover for the whole of 2024–25, go to **Step 1**. Otherwise, read on.

If you aren't sure whether you have an 'appropriate level of private patient hospital cover' during 2024–25, contact your health insurer. You can also ask your health insurer for a statement showing the number of days you and all your dependants have an appropriate level of health cover.

If you would like to work out the amount of MLS you have to pay, use the **Income tax estimator**.

What you need to answer this question

If you don't have an appropriate level of private patient hospital cover, you may be liable for MLS. Whether or not you're liable to pay MLS depends on both of the following:

- your income for MLS purposes
- your combined income for MLS purposes, if you have a spouse in 2024–25 or if your spouse dies in 2024–25.

Complete **Worksheet 1** to work out your and your spouse's income (if relevant) for MLS purposes.

If you have 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 **Worksheet 1 – row a**.

If you don't have a spouse, go to [Medicare levy surcharge exemption](#) after you complete **Worksheet 1**.

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

- bankrupt
- a person who is declared legally incapable because of a mental condition
- under 18 years old on 30 June 2025.

Don't include any amount that you already include 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 to show as assessable income if the tax had not been paid.

Worksheet 1: Working out income for MLS purposes

Row	Working out income for MLS purposes	You	Spouse
a	Taxable income from Taxable income or loss (excluding any assessable first home super saver released amount).	\$	\$
b	Total reportable fringe benefits amount (the sum of question IT1 – labels N and W).	\$	\$
c	Amount on which family trust distribution tax has been paid (from question A5 – label X in the supplementary tax return).	\$	\$
d	Net financial investment loss (from question IT5 – label X).	\$	\$

e	Net rental property loss (from question IT6 – label Y).	\$	\$
f	Reportable employer super contributions (from question IT2 – label T).	\$	\$
g	Deductible personal super contributions (from question D12 – label H in the supplementary tax return).	\$	\$
h	Your spouse's share of the net income of a trust on which the trustee must pay tax (from Spouse details – label T).	n/a	\$
j	Add the amounts from row a to row h in each column.	\$	\$

Your income for MLS purposes when you're single is the amount at row **j** in your column.

Your combined income for MLS purposes is the amount from row **j** in your column and the amount from row **j** in your spouse's column.

Medicare levy surcharge exemption

If you fit in one of the following categories, you're exempt from MLS for the whole of 2024–25.

Surcharge exemption categories

- For the **whole of 2024–25, you and all of your dependants (if you have any)**, either
 - have an appropriate level of private patient hospital cover
 - are in a Medicare levy exemption category (see question M1).
- You're **single** for the **whole of 2024–25**, and
 - you don't have any dependent children for the whole of 2024–25
 - your income for MLS purposes is **\$97,000 or less**.
- You're **single** for the **whole of 2024–25**, and

- have a dependent child for the whole of 2024–25
- your income for MLS purposes is **\$194,000 or less** (*plus* \$1,500 for each dependent child after the first).
- You're **single** for **part of 2024–25**, and
 - you don't have a dependent child for the for the whole of 2024–25
 - your spouse didn't die during the year
 - your income for MLS purposes is **\$97,000 or less**.
- You have a **spouse** (with or without dependent children) **for the whole of 2024–25**, and your combined income for MLS purposes is either
 - **\$194,000 or less** (*plus* \$1,500 for each dependent child after the first)
 - **greater than \$194,000** (*plus* \$1,500 for each dependent child after the first) but your own income for MLS purposes is **\$27,222 or less**.

If your spouse dies during 2024–25 and you don't have another spouse on or before 30 June 2025, assume that you have a spouse for the whole of 2024–25 when you work out your MLS income.

Lump sum payment in arrears in spouse's supplementary tax return

If you're liable for MLS only because your spouse shows a lump sum payment in arrears at question 20 **Foreign source income and foreign assets or property** or question 24 **Other income** in their supplementary 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.

You'll need to provide additional information.

If you're lodging a paper tax return:

- write on a separate piece of paper
 - the heading **Schedule of additional information – question M2**
 - your name, address, TFN and the name and address of your spouse

- details that your spouse receives a lump sum payment in arrears
- attach your schedule of additional information to your tax return
- print **X** in the **Yes** box at **Taxpayer's declaration** in your tax return.

Income threshold when your circumstances change during the year

If you have a new spouse, you separate from your spouse, or you become or cease to be a sole parent, both the single and the family surcharge thresholds may apply to you for different periods. Special rules apply to calculate MLS for these periods.

You need to work out whether you're liable for MLS for any period during 2024–25 that you:

- are single (that is, you have no spouse or dependent children) so you can apply the single surcharge threshold of **\$97,000** to your income for MLS purposes
- have a spouse or any dependent children, so you can apply the family surcharge threshold of **\$194,000**, *plus* \$1,500 for each dependent child after the first, to your income for MLS purposes.

We will calculate the rate of your MLS liability using either:

- your combined family income using the relevant family income threshold if you have a spouse on 30 June 2025
- your own income using the relevant single income threshold if you're single on 30 June 2025.

You're liable for MLS for the number of days you're single if both of the following apply:

- your own income for MLS purposes is more than **\$97,000**
- you don't have appropriate private patient hospital cover or aren't in a Medicare levy exemption category.

You're liable for MLS for the number of days you have a spouse or dependent children, if both of the following apply:

- your own income for MLS purposes is more than \$194,000 (plus \$1,500 for each dependent child after the first one)
- you, or your spouse, or a dependent child either

- don't have an appropriate level of private patient hospital cover
- aren't in a Medicare levy exemption category.

To help you work out whether you're liable for MLS for the different periods, see the examples.

Example: spouse for the first part of the year

Michael and Michelle lived together as a couple on a genuine domestic basis for 7 years, but on 12 October 2024 they separate and each stay single. They don't have private patient hospital cover at any time during 2024–25.

Michael and Michelle had no dependent children, but they were dependants of each other for MLS purposes until the separation.

Michael's income for MLS purposes was \$69,000 and Michelle's was \$98,000. In previous years, they used their combined income to assess their MLS liability. They now use their individual income for MLS purposes and compare that with:

- family MLS threshold to calculate if they will have to pay MLS for the number of days they were living together as a couple
- single person MLS threshold to calculate if they will have to pay MLS for the number of days they were single.

Michael and Michelle are a family for the period 1 July to 12 October 2024 (104 days), so the family MLS threshold of \$194,000 applies to each of them for that period. For these 104 days, they will be liable for MLS only if their own income for MLS purposes is more than the family MLS threshold of \$194,000. This means:

- Michelle isn't liable for MLS for this period because her \$98,000 income for MLS purposes was less than \$194,000
- Michael isn't liable for MLS for this period because his \$69,000 income for MLS purposes was less than \$194,000.

Michael and Michelle were single for the period 13 October 2024 to 30 June 2025, so the single person MLS threshold of \$97,000 applies for that period:

- Michelle is liable to pay MLS for this period because her \$98,000 income for MLS purposes exceeded \$97,000
- Michael isn't liable for MLS for this period because his \$69,000 income for MLS purposes was less than \$97,000.

Michael and Michelle complete their tax returns at question **M2** – label **A** by writing the number of days that they were not liable for MLS in 2024–25:

- Michelle writes 104, the number of days in the first period when she isn't liable for MLS
- Michael writes 365 because he isn't liable for MLS in 2024–25.

In calculating the rate of MLS levied on Michelle, the single income threshold is used as Michelle was single on 30 June 2025. Michelle's own income for MLS purposes is \$98,000, which is above the single tier 1 threshold (\$97,000). This means that any MLS levied on Michelle is at the tier 1 rate of 1%. Therefore, Michelle's MLS for the second part of the year is calculated as follows:

$$\text{\$98,000} \times 1\% \times (262 \div 365) = \text{\$703.45}$$

Example: spouse for the second part of the year

At the beginning of the income year, Alice and Adam were both single. Alice and Adam got married on 17 January 2025 and are still married on 30 June 2025. They weren't in a de facto relationship before their marriage. They don't have private patient hospital cover at any time during 2024–25.

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 \$150,000 (including a net investment loss of \$8,000) and Adam's income for MLS purposes was \$80,000.

Alice and Adam were single for the period 1 July 2024 to 16 January 2025 (200 days), so the single person MLS threshold of \$97,000 applies to each of them for that period. This means:

- Alice is liable to pay MLS for this period because her \$150,000 income for MLS purposes exceeds \$97,000.

- Adam isn't liable for MLS for this period because his \$80,000 income for MLS purposes was less than \$97,000.

Alice and Adam are a family for the period 17 January to 30 June 2025 (165 days), so the family MLS threshold of \$194,000 applies to each of them for that period. For these 165 days, each is liable for MLS only if their personal income for MLS purposes is more than the family MLS threshold of \$194,000. This means:

- Alice isn't liable for MLS for this period because her \$150,000 income for MLS purposes was less than \$194,000.
- Adam isn't liable for MLS for this period because his \$80,000 income for MLS purposes was less than \$194,000.

Alice and Adam complete their tax returns at question **M2** – label **A** by writing the number of days that they aren't liable for MLS in 2024–25:

- Alice writes 165, the number of days in the second period when she isn't liable for MLS.
- Adam writes 365 because he isn't liable for MLS during any period in 2024–25.

In calculating the rate of MLS levied on Alice, the family income threshold is used as Alice was married on 30 June 2025. Alice and Adam's combined income for MLS purposes is \$230,000, which is above the family tier 2 earner threshold (\$194,000). This means that any surcharge levied on Alice is at the rate of 1.25%. Therefore, Alice's MLS for the first part of the year is calculated as follows:

$$\text{\$142,000 (taxable income)} \times 1.25\% \times (200 \div 365) = \text{\$972.60}$$

Part year private patient hospital cover

If you're single and take out private patient hospital cover during the year, use the following example to help you work out how many days you're liable to pay MLS.

Example: part-year private patient hospital cover

In 2024–25, Jacinta is single and has no dependants. She has income for MLS purposes of \$99,000. She isn't in a Medicare levy exemption category at any time during the year.

Jacinta takes out private patient hospital cover on 16 January 2025. Because Jacinta's income for MLS purposes is above the single surcharge threshold of \$97,000 and she doesn't have private patient hospital cover for the full year, she pays MLS for the part of the year that she doesn't have private patient hospital cover.

Jacinta won't have to pay MLS for the time she has private patient hospital cover, that is, 16 January 2025 to 30 June 2025 (166 days).

Jacinta will write the number of days in 2024–25 that she isn't liable for MLS (166) at question **M2** – label **A** in her tax return and complete the **Private health insurance policy details** in her tax return.

Family cover for part of the year

If some members of your family have cover for only part of the year, use the following example to help you work out how many days you're liable to pay MLS.

Example: part-year liability

Jill and Kevin have been married for a number of years. They have 3 dependent children. Jill, Kevin and their children weren't in a Medicare levy exemption category at any time during the year. Jill and the children are covered by private patient hospital cover for the full income year. Kevin has his name added to the policy on 10 January 2025.

Jill and Kevin have a combined income for MLS purposes of \$200,000. The family surcharge threshold for Jill and Kevin is \$197,000 (that is, \$194,000 plus $2 \times \$1,500$). Because not

everyone is covered for the period 1 July 2024 to 9 January 2025 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 will both write the number of days that they are not liable for MLS (172) at question **M2** – label **A** in their tax returns and complete the **Private health insurance policy details** in their tax returns.

Completing your tax return

To complete this question, follow the steps.

Step 1

If you and all your dependants (including your spouse) have an appropriate level of private patient hospital cover for the whole of 2024–25, print **X** in the **Yes** box at the right of question **M2** – label **E**. Make sure you also complete your **Private health insurance policy details**. You have finished this question.

If you or any of your dependants (including your spouse) don't have private patient hospital cover or only have cover for part of the year, print **X** in the **No** box question **M2** – label **E**.

Step 2

If you're in an exemption category (see, [Surcharge exemption categories](#)) for the whole of 2024–25, print **X** in the **Yes** box to the left of 'You don't have to pay the surcharge.' and write 365 at question **M2** – label **A**. You have finished this question. Go to **Private health insurance policy details 2025**.

If you aren't in an exemption category, print **X** in the **No** box to the left of 'You may have to pay the surcharge.'

Step 3

Write at question **M2** – label **A** the number of days for which you **don't** have to pay **MLS**.

If you don't have to pay MLS for any days during the period 1 July 2024 to 30 June 2025, write 365 at question **M2** – label **A**.

If you need to pay MLS for:

- the whole period 1 July 2024 to 30 June 2025, write **0** (zero) at question **M2** – label **A**
- part of the period 1 July 2024 to 30 June 2025, write at question **M2** – label **A** the number of days for which you don't have to pay MLS.

Step 4

Write the number of dependent children you have during 2024–25 at question **IT8** – label **D**.

Complete Income tests.

Step 5

If you have a spouse during 2024–25 and you or any of your dependants (including your spouse) aren't covered by private patient hospital cover for the full income year, complete **Spouse details – married or de facto**.

Where to go next

- Go to [Private health insurance policy details 2025](#).
- Return to main menu [Individual tax return instructions 2025](#).
- Go back to question **M1** Medicare levy reduction or exemption 2025.

QC 104129

Private health insurance policy details 2025

Complete this question if you had private health insurance policy cover or pay for a dependant-person-only policy.

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On this page

Things you need to know

What you need to answer this question

Completing your tax return

Where to go next

Things you need to know

We'll use the information you provide at this question to work out your share of any **private health insurance rebate** entitlement. This may result in a tax offset or liability.

If you don't have your own policy, you may have cover as a dependent person on your family policy, if you're under 32 years old or are a person with disability. You should talk to your health insurer if you want to change your policy or add other dependants to your family policy.

For this question, the definition of a dependent person relates to the rules of your health fund. If you're unsure about whether this applies to you, check your family private health insurance policy details or contact your insurer.

Complete this question if at any time during 2024–25 you either:

- have private health insurance policy cover
- pay for a dependant-person-only policy.

If you're an overseas visitor who isn't eligible for Medicare, and therefore not entitled to any private health insurance rebate, don't complete **Private health insurance policy details** in your tax return.

If you don't have private health insurance policy cover or pay for a dependant-person-only policy, go to question **A1 Under 18 2025**.


What you need to answer this question

It's optional for registered health insurers to provide you with a private health insurance statement (PHI statement). Your registered health insurer will only provide a statement if you request one.

You may need a private health insurance statement when lodging your tax return. Contact your health insurer for a statement to ensure you use the correct details when completing your tax return.

If you have cover as a dependent person on a family policy, use the information on the statement for that policy.

There may be a delay processing your tax return if you don't use your PHI statement and the private health insurance details you provide are incorrect.

To check whether your health insurer is a registered private health insurer, see the [Australian Prudential Regulation Authority](#) .

Completing your tax return

Use the information on your statement to complete your tax return.

In most cases, there will be 2 rows of information on your PHI statement. One row relates to premiums you pay and rebates you receive before 1 April, and the other row relates to premiums you pay and rebates you receive on or after 1 April.

Transfer all rows of information separately to your tax return, as they appear on your PHI statement. Don't combine the rows of information.

If you have more than one private health insurance policy, complete the following steps for each row of information on your statement for each policy.

If you have more than 4 rows of information on your statement, you'll need to provide a *Schedule of additional information*. Complete the following steps for the first 4 policies. Then on a separate sheet of paper:

- print **Schedule of additional information – Private health insurance policy details**
- print your name, address and TFN and your answer for each step
- attach your schedule to your tax return
- print **X** in the **Yes** box at **Taxpayer's declaration** – question **2** in your tax return.

Step 1

Transfer the health insurer ID at label **B** on your statement to label **B Health insurer ID** in your tax return.

Step 2

Transfer your private health insurance membership number, at label **C** on your PHI statement to label **C Membership number** in your tax return.

Step 3

If you

- don't have cover as a dependent person on a private health insurance policy, go to step 4.
- have cover as a dependent person on a private health insurance policy, you're not entitled to a private health insurance rebate. However, you may be exempt from paying the Medicare levy surcharge.
 - Print **F** in the **Tax claim code** box in your tax return.
If you have more than one row of information to transfer from your PHI statement to your tax return that relate to the same membership number, print **F** in the **Tax claim code** box in each row.
 - You have finished this question, go to **Where to go next**.

Step 4

Transfer the whole dollar amount at label **J** on your PHI statement to label **J Your premiums eligible for Australian Government rebate** in your tax return. Don't show percentage figures at label **J**.

Step 5

Transfer the whole dollar amount at label **K** on your PHI statement to label **K Your Australian Government rebate received** in your tax return. Don't show percentage figures at label **K**.

Step 6

Transfer the number at label **L** on your PHI statement to label **L Benefit Code** in your tax return.

Step 7

Work out your tax claim code.

On 30 June 2025, if you're:

- Single – Go to [Step 8](#).
- Married or de facto – Go to [Step 9](#). (If your spouse dies during 2024–25 and you don't have another spouse on or before 30 June 2025, you're treated as if you have a spouse on 30 June 2025).

Step 8

Select the code that best describes your circumstances.

Tax claim codes – single

Tax claim code	Explanation
A	You have no dependants.
B	<p>You have a dependent person (they can be your child or a sibling who is dependent on you for economic support), or you pay for a dependent-person-only policy.</p> <p>If you're a single parent with a dependent child, select tax claim code B to ensure that we apply the family thresholds to work out your private health insurance rebate entitlement.</p>

Print the code in the **Tax claim code** box in your tax return. If you have more than one row of information to transfer from your statement to your tax return that relate to the same membership number, print the same code in the **Tax claim code** box in each row.

You have finished this question, go to **Where to go next**.

Step 9

You can choose to claim your spouse's share of the rebate on their behalf if both of you meet all 3 of the following criteria. Both of you:

- have cover under the same policy

- have cover for the same period of time
- are together on 30 June 2025.

Alternatively, your spouse can claim for both of you. You and your spouse must agree that only one of you will claim.

Are you claiming your spouse's share of the rebate?

- **Yes** – Print **C** in the **Tax claim code** box in your tax return. If you have more than one row of information to transfer from your statement to your tax return that relate to the same membership number, print **C** in the **Tax claim code** box in each row. Go to [Step 11](#).
- **No** – Read on.

Step 10

Select the code that best describes your circumstances.

Tax claim codes – married or de facto

Tax claim code	Explanation
C	You're claiming your share of the rebate, or you're a parent claiming for a dependent-person-only policy.
E	Your spouse is claiming your share of the rebate.

Print the code in the **Tax claim code** box in your tax return. If you have more than one row of information to transfer from your statement to your tax return that relate to the same membership number, print the same code in the **Tax claim code** box in each row.

You have finished this question, go to **Where to go next**.

Step 11

You must provide information about your spouse's private health insurance in the **Private health insurance policy details** in your tax return.

You'll need your spouse's private health insurance statement.

Repeat steps 1 to 6 using the information on your spouse's statement. Print **D** in the **Tax claim code** box in your tax return. If you have more than one row of information to transfer from your spouse's statement to your tax return, print **D** in the **Tax claim code** box in each row.

When you finish entering information from your spouse's statement, the number of rows with **Tax claim code D** must equal the number of rows with **Tax claim code C** for the same health insurer ID and membership number. For example, if there are 2 rows with the same health insurer ID and membership number with **Tax claim code C**, there should also be 2 rows having the same ID and membership number with **Tax claim code D**.

Where to go next

- Go to question A1 Under 18 2025.
- Return to main menu Individual tax return instructions 2025.
- Go back to question M2 Medicare levy surcharge 2025.

QC 104130

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