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Medicare levy exemption

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QC 27035

Medical exemption from Medicare levy

When you can claim a full or half exemption from the Medicare levy.

Last updated 22 June 2026

Conditions for medical exemption from Medicare levy

You may be able to claim a full or half Medicare levy exemption if you satisfy both of the following conditions:

1. One of the following Category 1 **medical conditions** applied during all or part of the income year
   - you were a blind pensioner
   - you were entitled to full free medical treatment for all conditions under either
     - Defence Force arrangements
     - Veterans' Affairs Repatriation Health Card (Gold Card).
2. During the period you met a condition above, you also met one of the conditions listed in the table 1 below.

You can claim this exemption when you lodge your tax return. This is also known as an exemption under Category 1.

Table 1: Conditions and their applied Medicare levy exemption

Condition	Exemption that applies
You had no dependants.	Full
Each of your dependants (including your spouse) either: • was in one of the exemption categories • 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 • met at least one of the Category 1 medical conditions and you have completed a family agreement stating that your spouse will pay half of the levy for your joint dependants.	Full
You had at least one dependant (for example, a spouse) who: • was not in an exemption category, and • didn't have to pay the Medicare levy.	Half
You were single or separated and you: • had a dependent child who was not in a Medicare levy exemption category, and	• for the days that you had care of your dependent child – **Half** • for the days that you did not have care of your dependent child – **Full**

• were entitled to Family Tax Benefit Part A or the rental assistance component of Family Tax Benefit Part A for that child, and were in a shared care arrangement.	
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 • dependent on both of you.	Either you or your spouse can claim a **full** exemption and the other can claim a **half** exemption by completing a family agreement.

Example: can claim a half exemption from paying the Medicare levy

Paul holds a Department of Veteran's Affairs Gold Card and is entitled to full free medical treatment for all conditions.

Paul's spouse, Mary, isn't in a Medicare levy exemption category. However, she doesn't have to pay the Medicare levy because her taxable income is under the Medicare levy low-income threshold.

Paul is eligible to claim a half exemption from paying the Medicare levy.

When Paul completes his tax return, we work out the Medicare levy exemption automatically for him.

Family agreement for Medicare levy exemption

A family agreement is a written agreement signed by you and your spouse. It states who will claim the full exemption and who will claim

the half exemption.

You complete a family agreement only if both you and your spouse would have to pay the Medicare levy if you weren't in an exemption category.

You don't need to send this agreement to us unless requested. If you fail to keep the agreement, both of you may become liable for the Medicare levy.

The agreement must contain:

- the statement – 'We agree that the Medicare levy exemption in respect of our dependants for the 2025–26 year will be claimed as follows'
  - name of person claiming the **full** exemption
  - name of person claiming the **half** exemption
  - your signature (with date of signature)
  - your spouse's signature (with date of signature).

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

For information on other Medicare levy exemptions, see Medicare levy exemption.

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Foreign residents Medicare levy exemption

Find out about claiming an exemption from paying the Medicare levy if you are a foreign resident.

Last updated 1 May 2026

If you were a foreign resident for tax purposes:

- for the full year, you can claim a full exemption from the Medicare levy

- for only part of the year, you can still claim full exemption from the Medicare levy for that period if
  - you didn't have any dependants for that period
  - all your dependants were in a Medicare levy exemption category for that period.

You claim this exemption when you lodge your tax return. This exemption is known as exemption category 2 on your tax return when you complete the Medicare levy section.

See Your tax residency for help to work out your tax residency.

Example: foreign resident claims a full exemption from the Medicare levy

Muhammad is a resident of Pakistan. He comes to Australia to work and earn income for short periods in the income year. Muhammad's family lives in Pakistan and Muhammad always returns to Pakistan when his work finishes in Australia.

Muhammad is a foreign resident for tax purposes.

Muhammad can claim a full exemption from paying the Medicare levy because he is a foreign resident for the full year.

QC 27037

Not entitled to Medicare benefits

Find out about claiming an exemption from paying the Medicare levy if you weren't entitled to Medicare benefits.

Last updated 22 June 2026

Claiming an exemption

You can claim a full exemption for any period that you:

- have a Medicare Entitlement Statement (MES) showing you weren't entitled to Medicare benefits because you were a temporary resident for Medicare purposes, and either
  - you didn't have any dependants for that period
  - all your dependants (including your spouse) were also in a Medicare levy exemption category for that period
- are a member of a diplomatic mission or consular post in Australia and meet other conditions.

If you qualify for an exemption, you claim the exemption through your tax return. This exemption is known as exemption category 3 on your tax return when you complete the Medicare levy section.

Medicare Entitlement Statement

A Medicare Entitlement Statement (MES) from Services Australia shows the period in an income year that you were not entitled to Medicare benefits. If you have an MES, it doesn't automatically mean you are exempt from the Medicare levy. All your dependants, including your spouse, must also be exempt from Medicare benefits to receive a Medicare levy exemption.

Applying for an MES and lodging your tax return

1. **Apply**: There are 2 ways to apply for a MES online using your myGov account. MES applications open on 1 July. Remember to apply as soon as possible so you can lodge your tax return correctly and on time.
2. **Wait**: It can take up to 8 weeks for your MES application to be processed by Services Australia. You must wait until you receive your MES before lodging your tax return.
3. **Lodge**: When completing your tax return, you need to complete the exemption category for Medicare benefit (see example below). We'll work out if you are exempt from paying the Medicare levy when we assess your tax return.

Example: don't have to pay the Medicare levy

In 2025–26, Priya was on a Temporary Skill Shortage visa (subclass 482) and had no dependants. Priya wasn't entitled to Medicare benefits and wants to claim an exemption from paying the Medicare levy.

Priya needs a Medicare Entitlement Statement (MES) to show she wasn't entitled to Medicare benefits in 2025–26 before completing her 2025–26 tax return.

Priya applies to Services Australia for a MES. It takes up to 8 weeks to receive the MES from Services Australia.

Priya receives the MES stating she was not entitled to Medicare benefits for the full year, from 1 July 2025 to 30 June 2026. Priya keeps a copy of the MES for her records.

Priya can claim a full Medicare levy exemption for the full year as she has a MES for the period 1 July 2025 to 30 June 2026 and she doesn't have any dependants.

If Priya completes her tax return using myTax, she enters '365' as the number of days she qualified for the Full 2% levy exemption and answers 'Yes' to the question 'Were you a temporary resident for Medicare purposes and have a Medicare entitlement statement from Services Australia?'

Example: have to pay the Medicare levy

In 2025–26, Jed was on a Temporary Skill Shortage visa (subclass 482) and had a spouse for the full year. Jed wasn't entitled to Medicare benefits and wants to claim an exemption from paying the Medicare levy. Jed's spouse was entitled to Medicare benefits in 2025–26.

Jed applied and received a Medicare Entitlement Statement (MES) showing he wasn't entitled to Medicare benefits for the full year, from 1 July 2025 to 30 June 2026.

Even though Jed has a MES and wasn't entitled to Medicare benefits, Jed can't claim the exemption. This is because his spouse was entitled to Medicare benefits and therefore is not in a Medicare levy exemption category.

Member of a diplomatic mission or consular post in Australia

You don't have to pay the Medicare levy 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 were living with them) and:

- were not an Australian citizen, and
- do not ordinarily live in Australia, and either
  - you didn't have any dependants for that period
  - all your dependants (including your spouse) were in a Medicare levy exemption category for that period.

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Dependants for Medicare levy exemption

Find out what a dependant means for the Medicare levy exemption.

Last updated 21 July 2026

Definition of a dependant

When determining your eligibility for the Medicare levy exemption (but not for the Medicare levy reduction) you need to use the following definition of a dependant. A **dependant** means an Australian resident for tax purposes you maintained who was either:

- your spouse
- your child under 21 years old
- your child, 21 to 24 years old
  - receiving full-time education at a school, college or university, and

- whose adjusted taxable income for the period you maintained them was less than the total of $282 plus $28.92 for each week you maintained them.

Maintenance of 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
- you are paying child support even if they don't live with you.

If you had a spouse for the whole income year and your spouse worked at any time during the income year, we will still consider you to have maintained your spouse as a dependant for the whole income year.

If the 2 of you were temporarily separated, for example, because of holidays or overseas travel, we still consider you to have maintained a dependant.

A child is treated as an equal dependant of each parent (irrespective of the number of days the child was in each parent's care) if:

- the parents of the child lived separately and apart for all, or part, of the income year, and
- the child was a dependant of each of them.

However, if a parent receives Family Tax Benefit Part A for the child, the child is a dependant of only that parent for the number of days they were in their care.

QC 27039

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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.

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