

Medicare levy adjustments

Table 1: Medicare levy adjustment monthly earnings limits

Dependants	Column A	Column B
Spouse only	\$4,567	–
1 child	\$4,986	–
2 children	\$5,406	–
3 children	\$5,825	–
4 children	\$6,245	–
5 children	\$6,664	–
6 children	\$7,084	\$5,667.33
7 children	\$7,503	\$6,002.92
8 children	\$7,923	\$6,338.50
9 children	\$8,342	\$6,674.08
10 children	\$8,762	\$7,009.67

Working out the withholding amount

To work out the amount you need to withhold, follow these steps:

1. Use the *Monthly tax table* (NAT 1007) to find the monthly amount to withhold from your employee's earnings, allowing for any tax offsets claimed.
2. Reduce this amount by the amount of the Medicare levy adjustment, worked out as detailed in Working out the Medicare levy adjustment.

Where the adjustment equals or exceeds the amount obtained in step 1, the amount to be withheld is nil.

Working out the Medicare levy adjustment

How you work out the Medicare levy adjustment varies depending on the number of dependent children your employee is claiming, see either:

- Employee claiming spouse and/or 1 to 5 dependent children
- Employee with more than 5 dependent children

Employee claiming spouse and/or 1 to 5 dependent children

Use the table from page 4 to find your employee's monthly earnings or the nearest lower figure, in the 'Monthly earnings' column and the corresponding amount of Medicare levy adjustment in the appropriate column.

Example: employee claiming spouse and/or 1 to 5 dependent children

The employee has monthly earnings of \$2,197.45 and is claiming 4 dependent children on the *Medicare levy variation declaration*. Find \$2,197.45, or the closest lower amount in the 'Monthly earnings column' and find the corresponding Medicare levy adjustment of \$4.00 from the '4 children' column.

Employee with more than 5 dependent children

How you work out the Medicare levy adjustment for an employee with more than 5 dependent children varies depending on the monthly earnings of your employee. Refer to:

- Monthly earnings less than \$5,332
- Monthly earnings of \$5,332 or more but less than the column B amount that corresponds to the number of dependent children claimed
- Monthly earnings of \$5,332 or more and greater than the column B amount but less than the column A amount that corresponds to the number of dependent children claimed.

Monthly earnings less than \$5,332

Use the '5 children' column. Use the table from page 4 to find your employee's earnings - or the nearest lower figure in the 'Monthly earnings' column and find the corresponding amount of Medicare levy adjustment from the '5 children' column.

Example: monthly earnings less than \$5,332

The employee has monthly earnings of \$3,500.60 and is claiming 6 dependent children. Find \$3,500.60, or the closest lower amount in the 'Monthly earnings column' and find the corresponding Medicare levy adjustment of \$69.00 from the '5 children' column.

**Monthly earnings of \$5,332 or more
but less than the column B amount that corresponds
to the number of dependent children claimed**

Round the monthly earnings down to the next dollar amount.
Take 2% of that amount and round to the nearest dollar.

**Example: monthly earnings of \$5,332 or more
but less than the column B amount**

The employee has monthly earnings of \$5,550.60 and is claiming 7 dependent children. Take 2% of \$5,550.00 (the next lower dollar amount), this equals \$111.00.

The Medicare levy adjustment is \$111, rounded to the nearest dollar.

**Monthly earnings of \$5,332 or more and greater than the
column B amount but less than the column A amount that
corresponds to the number of dependent children claimed**

Complete steps 1–4 below:

1. Take 2% of the relevant column B amount. Round the result to the nearest cent.
2. Take 8% of the difference between the monthly earnings (round down to the next dollar) and the column B amount. Round the result to the nearest cent.
3. Subtract the result of step 2 from step 1.
4. Round the result to the nearest dollar.

**Example: monthly earnings of \$5,332 or more
and greater than the column B amount**

The employee has monthly earnings of \$7,856.52 and is claiming 8 dependent children.

1. $2\% \times \$6,338.50$ (column B amount for 8 children)
= \$126.77
2. $8\% \times (\$7,856.00 - \$6,338.50)$
= $8.0\% \times \$1,517.50$
= \$121.40
3. $\$126.77 - \121.40
= \$5.37
4. \$5.00 (\$5.37 rounded to the nearest dollar).

The Medicare levy adjustment is \$5.

Using a formula

The withholding amounts shown in this tax table can be expressed in a mathematical form.

If you have developed your own payroll or accounting software package, refer to *Schedule 1 – Statement of formulas for calculating amounts to be withheld* (NAT 1004).

PAYG withholding publications

You can access all PAYG withholding tax tables and other PAYG withholding publications at:

- ato.gov.au/taxtables
- ato.gov.au/paygw

Monthly earnings \$	Spouse only \$	1 Child \$	2 Children \$	3 Children \$	4 Children \$	5 Children \$	Monthly earnings \$	Spouse only \$	1 Child \$	2 Children \$	3 Children \$	4 Children \$	5 Children \$
6,322.33	0.00	0.00	0.00	0.00	0.00	26.00	6,495.67	0.00	0.00	0.00	0.00	0.00	13.00
6,326.67	0.00	0.00	0.00	0.00	0.00	26.00	6,500.00	0.00	0.00	0.00	0.00	0.00	13.00
6,331.00	0.00	0.00	0.00	0.00	0.00	26.00	6,504.33	0.00	0.00	0.00	0.00	0.00	13.00
6,335.33	0.00	0.00	0.00	0.00	0.00	26.00	6,508.67	0.00	0.00	0.00	0.00	0.00	13.00
6,339.67	0.00	0.00	0.00	0.00	0.00	26.00	6,513.00	0.00	0.00	0.00	0.00	0.00	13.00
6,344.00	0.00	0.00	0.00	0.00	0.00	26.00	6,517.33	0.00	0.00	0.00	0.00	0.00	13.00
6,348.33	0.00	0.00	0.00	0.00	0.00	26.00	6,521.67	0.00	0.00	0.00	0.00	0.00	13.00
6,352.67	0.00	0.00	0.00	0.00	0.00	26.00	6,526.00	0.00	0.00	0.00	0.00	0.00	9.00
6,357.00	0.00	0.00	0.00	0.00	0.00	26.00	6,530.33	0.00	0.00	0.00	0.00	0.00	9.00
6,361.33	0.00	0.00	0.00	0.00	0.00	26.00	6,534.67	0.00	0.00	0.00	0.00	0.00	9.00
6,365.67	0.00	0.00	0.00	0.00	0.00	22.00	6,539.00	0.00	0.00	0.00	0.00	0.00	9.00
6,370.00	0.00	0.00	0.00	0.00	0.00	22.00	6,543.33	0.00	0.00	0.00	0.00	0.00	9.00
6,374.33	0.00	0.00	0.00	0.00	0.00	22.00	6,547.67	0.00	0.00	0.00	0.00	0.00	9.00
6,378.67	0.00	0.00	0.00	0.00	0.00	22.00	6,552.00	0.00	0.00	0.00	0.00	0.00	9.00
6,383.00	0.00	0.00	0.00	0.00	0.00	22.00	6,556.33	0.00	0.00	0.00	0.00	0.00	9.00
6,387.33	0.00	0.00	0.00	0.00	0.00	22.00	6,560.67	0.00	0.00	0.00	0.00	0.00	9.00
6,391.67	0.00	0.00	0.00	0.00	0.00	22.00	6,565.00	0.00	0.00	0.00	0.00	0.00	9.00
6,396.00	0.00	0.00	0.00	0.00	0.00	22.00	6,569.33	0.00	0.00	0.00	0.00	0.00	9.00
6,400.33	0.00	0.00	0.00	0.00	0.00	22.00	6,573.67	0.00	0.00	0.00	0.00	0.00	9.00
6,404.67	0.00	0.00	0.00	0.00	0.00	22.00	6,578.00	0.00	0.00	0.00	0.00	0.00	9.00
6,409.00	0.00	0.00	0.00	0.00	0.00	22.00	6,582.33	0.00	0.00	0.00	0.00	0.00	4.00
6,413.33	0.00	0.00	0.00	0.00	0.00	22.00	6,586.67	0.00	0.00	0.00	0.00	0.00	4.00
6,417.67	0.00	0.00	0.00	0.00	0.00	17.00	6,591.00	0.00	0.00	0.00	0.00	0.00	4.00
6,422.00	0.00	0.00	0.00	0.00	0.00	17.00	6,595.33	0.00	0.00	0.00	0.00	0.00	4.00
6,426.33	0.00	0.00	0.00	0.00	0.00	17.00	6,599.67	0.00	0.00	0.00	0.00	0.00	4.00
6,430.67	0.00	0.00	0.00	0.00	0.00	17.00	6,604.00	0.00	0.00	0.00	0.00	0.00	4.00
6,435.00	0.00	0.00	0.00	0.00	0.00	17.00	6,608.33	0.00	0.00	0.00	0.00	0.00	4.00
6,439.33	0.00	0.00	0.00	0.00	0.00	17.00	6,612.67	0.00	0.00	0.00	0.00	0.00	4.00
6,443.67	0.00	0.00	0.00	0.00	0.00	17.00	6,617.00	0.00	0.00	0.00	0.00	0.00	4.00
6,448.00	0.00	0.00	0.00	0.00	0.00	17.00	6,621.33	0.00	0.00	0.00	0.00	0.00	4.00
6,452.33	0.00	0.00	0.00	0.00	0.00	17.00	6,625.67	0.00	0.00	0.00	0.00	0.00	4.00
6,456.67	0.00	0.00	0.00	0.00	0.00	17.00	6,630.00	0.00	0.00	0.00	0.00	0.00	4.00
6,461.00	0.00	0.00	0.00	0.00	0.00	17.00	6,634.33	0.00	0.00	0.00	0.00	0.00	0.00
6,465.33	0.00	0.00	0.00	0.00	0.00	17.00	6,638.67	0.00	0.00	0.00	0.00	0.00	0.00
6,469.67	0.00	0.00	0.00	0.00	0.00	17.00	6,643.00	0.00	0.00	0.00	0.00	0.00	0.00
6,474.00	0.00	0.00	0.00	0.00	0.00	13.00	6,647.33	0.00	0.00	0.00	0.00	0.00	0.00
6,478.33	0.00	0.00	0.00	0.00	0.00	13.00	6,651.67	0.00	0.00	0.00	0.00	0.00	0.00
6,482.67	0.00	0.00	0.00	0.00	0.00	13.00	6,656.00	0.00	0.00	0.00	0.00	0.00	0.00
6,487.00	0.00	0.00	0.00	0.00	0.00	13.00	6,660.33	0.00	0.00	0.00	0.00	0.00	0.00
6,491.33	0.00	0.00	0.00	0.00	0.00	13.00	6,664.67	0.00	0.00	0.00	0.00	0.00	0.00

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