

Medicare levy variation declaration

Who should use this declaration?

You should complete this declaration if you want to:

- increase the amount withheld from payments to you to cover your Medicare levy surcharge
- claim an exemption from the Medicare levy
- reduce the pay as you go (PAYG) amount withheld that covers Medicare levy from payments to you
- claim an exemption from compulsory Higher Education Loan Program (HELP), VET Student Loan (VSL), Financial Supplement (FS), Student Start-up Loan (SSL) or Trade Support Loan (TSL) repayments.

! These instructions are current to **30 June 2020**. You must lodge a new declaration if either:

- you leave your current job and start work for someone else
- your circumstances change.

! If you give the wrong information, you may have a tax debt at the end of the income year.

Claiming an exemption or varying the amount withheld

Complete this declaration to claim an exemption from the Medicare levy or to vary the amount withheld for the levy if one of the following applies:

- you are in one of the Medicare levy exemption categories
- the combined weekly income of you and your spouse is less than \$891 or, if you maintain a child or student, less than the relevant amount shown in Table A on page 2
- you are a sole parent with a weekly income of less than \$973 or, if you maintain more than one child or student, less than the relevant amount shown in Table A on page 2
- you have to pay the Medicare levy surcharge and want to increase the amount withheld from payments to you to cover the surcharge (for more information, see question 4 on page 3).

Also complete this declaration if you want to claim an exemption from HELP, VSL, FS, SSL or TSL repayments for a year because you are entitled to a reduction of the Medicare levy or you do not have to pay the Medicare levy, due to having a spouse or dependants and low family income.



Introduction

Most people in Australia have the Medicare levy automatically withheld from their wages. However, some people:

- may qualify for an exemption from the levy
- can pay a reduced levy
- may have to pay the Medicare levy surcharge.

Refer to table A to check if your weekly income qualifies you to either:

- be exempt from the Medicare levy
- vary the amount withheld for the levy.

Table A: Weekly income

Number of dependent children	Weekly income (\$)
0	891
1	973
2	1,055
3	1,137
4	1,219
5	1,300
6	1,382
7	1,464
8	1,546
9	1,628
10	1,710

How to complete this form

Section A: Payee's declaration

Question 1

What is your tax file number (TFN)?

We and your payer are authorised by the *Taxation Administration Act 1953* to request your tax file number (TFN). It is not an offence not to quote your TFN. However, quoting your TFN reduces the risk of administrative errors and having extra tax withheld. Your payer is required to withhold the top rate of tax from all payments made to you if you do not provide your TFN or claim an exemption from quoting your TFN.

How do you find your TFN?

You can find your TFN on any of the following:

- your income tax notice of assessment
- correspondence we send you
- a payment summary your payer issues to you.

If you have a tax agent, they may also be able to give you your TFN.

If you still can't find your TFN, you can:

- phone us on **13 28 61** between 8.00am and 6.00pm, Monday to Friday
- visit your nearest shopfront (phone us on **13 28 61** to make an appointment)
- complete a *Tax file number – application or enquiry for individuals* (NAT 1432).

If you phone or visit us, we need to know we are talking to the correct person before discussing your tax affairs. We will ask you for details only you, or your authorised representative, would know.

Find out more

Refer to *Tax file number* on our website at ato.gov.au

Questions 2 and 3

Complete with your personal information.

Question 4

Do you want your payer to increase the amounts withheld from you to cover the Medicare levy surcharge?

You are liable for the Medicare levy surcharge if you meet all of the following conditions:

- you and your dependants (including your spouse) are not in any of the three Medicare levy exemption categories on page 4
- you do not have private patient hospital cover for yourself, your spouse and all your dependent children
- you are either
 - single, have no dependants and your income for surcharge purposes is more than \$90,000
 - a member of a family that has a combined income for surcharge purposes of \$180,000 or more. If you have more than one child, add \$1,500 for the second and subsequent children.

The Medicare levy surcharge is income tested against the following income tier thresholds:

Income tier thresholds

		Tier 1	Tier 2	Tier 3
Single	\$90,000 or less	\$90,001 – \$105,000	\$105,001 – \$140,000	\$140,001 or more
	Families	\$180,000 or less	\$180,001 – \$210,000	\$210,001 – \$280,000
Rate	0%	1%	1.25%	1.5%

! For the definition of Medicare levy – income for surcharge purposes, see 'Definitions' on page 6.

For more information, refer to *Income for Medicare levy surcharge purposes* available on our website at ato.gov.au/incometest

If you and your spouse's combined income for surcharge purposes exceeded the family surcharge threshold described above, but your own income for surcharge purposes did not exceed \$21,980, you are not liable for the surcharge for any part of the year. However, your spouse may still be liable for the surcharge.

If you take out private patient hospital cover during the year, or cancel your cover, you may be liable for the surcharge for the part of the year when you and all your dependants (including your spouse) were not covered.

Questions 5, 6, 7 and 8

Claiming a Medicare levy exemption or reduction

! Do you have more than one job?

If you are entitled to an exemption and have more than one job, you must lodge this declaration only with the payers you are claiming the tax-free threshold from.

If you receive income from more than one source, contact us to arrange for a reduced amount to be withheld from your income from other sources.

Full exemption

You are entitled to a full Medicare levy exemption if any of the following apply:

- you and all your dependants are in one of the Medicare levy exemption categories
- you are in exemption category 1 and your dependants had to pay the Medicare levy (for example, your only dependant is your spouse who is not in an exemption category but has to pay the Medicare levy)
- you are in exemption category 1 and have a dependent child who is not in an exemption category but the child is also a dependant of your spouse, who has to pay the Medicare levy.

If you are entitled to a full exemption, answer **yes** at questions 5 and 6 to claim the exemption.

Half exemption


You are exempt from half the Medicare levy if you are in exemption category 1 and have dependants who are not in an exemption category and do not have to pay the Medicare levy (for example, they are low income earners).

If you are entitled to a half exemption, answer **yes** at question 5, **no** at question 6, and **yes** at question 7.

Medicare levy exemption categories

You are in an exemption category if you are one of the following:

- a blind pensioner or you receive the sickness allowance from the Department of Human Services – **category 1**
- entitled to full free medical treatment for all conditions under Defence Force arrangements or Veterans' Affairs Repatriation Health Card (Gold Card) or repatriation arrangements – **category 1**
- not an Australian resident for tax purposes – **category 2**
- 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 you are not an Australian citizen and you do not ordinarily live in Australia – **category 3**
- have a certificate from the Medicare Levy Exemption Certification Unit of the Department of Human Services showing that you are not entitled to Medicare benefits. A letter from the Department of Human Services is not sufficient – **category 3**.

-  For more information about how to apply for an exemption statement:
- phone the Department of Human Services on **1300 300 271**
 - visit the Department of Human Services website at **humanservices.gov.au**

Reduction based on family income

If you are not in an exemption category, you may be able to claim a reduction based on your family income. To be eligible, you must be in one of the following categories:

- you had a spouse on the last day of the financial year
- your spouse died during the year and you did not have another spouse before the end of the year
- you were a sole parent at some time during the year (that is, you had sole care of any dependent children or students). This includes any child for whom you had sole care, not just your own child.

If you are eligible, one of the following must also apply:

- you are a sole parent with a gross weekly income of less than \$973 or, if you have more dependants, less than the relevant amount shown in table A on page 2
- you have a spouse and your combined gross weekly income is less than \$891 or, if you have one or more dependants, less than the relevant amount shown in table A on page 2.

For example, the relevant income amount for both parents with two dependent children is \$1,055 a week. If your combined weekly income is less than this amount, you should answer **yes** at question 8.

If you are entitled to a reduction, answer **yes** at question 8.

Questions 9 and 10

Complete with your personal information.

Question 11

Do you have a Higher Education Loan Program (HELP), VET Student Loan (VSL), Financial Supplement (FS), Student Start-up Loan (SSL) or Trade Support Loan (TSL) debt?

Answer **yes** if you have a HELP, VSL, FS, SSL or TSL debt.

Answer **no** if you do not have a HELP, VSL, FS, SSL or TSL debt, or you have repaid your debt in full.



You have a HELP debt if either:

- the Australian Government lends you money under HECS-HELP, FEE-HELP, OS-HELP, VET FEE-HELP, VET Student loans prior to 1 July 2019 or SA-HELP
- you have a debt from the previous Higher Education Contribution Scheme (HECS).

You have a SSL debt if you have an ABSTUDY SSL debt.

You have a separate VSL debt that is not part of your HELP debt if you incurred it from 1 July 2019.



Find out more

Information about HELP, VSL, FS, SSL, or TSL debts:

- visit ato.gov.au/getloaninfo
- phone us on **13 28 61** between 8.00am and 6.00pm, Monday to Friday.

Question 12

Do you have dependent children?

Answer **yes** if you have dependent children and write the number of children at this question.

For a definition of dependent children for Medicare levy family income reduction purposes, see 'Definitions' on page 6.

Declaration

Make sure that you have signed and dated the declaration.

Give your completed declaration form to your payer.

Section B: Payer's declaration

This section is to be completed by the payer. The following information will help you comply with your PAYG withholding obligations.

Payer obligations

If you withhold amounts from payments, or are likely to withhold amounts, your payee may give you this form with section A completed. A *Medicare levy variation declaration* applies to payments made after the declaration is provided to you. The information provided on this form is used to work out the amount of tax to be withheld from payments based on the PAYG withholding tax tables we publish. If your payee gives you another declaration, it overrides any previous one.

Definitions

Child

A child includes:

- your child
- your adopted child, stepchild or ex-nuptial child
- a child of your spouse
- someone who is a child of yours within the meaning of the *Family Law Act 1975*.

Dependant

There are three different categories of dependants:

- 1 a dependant for Medicare levy surcharge purposes
- 2 a dependant for Medicare levy or half levy exemption purposes
- 3 a dependent child for Medicare levy family income reduction purposes.

Dependant for Medicare levy surcharge purposes

A dependant for Medicare levy surcharge purposes is a person wholly or partly maintained by you who is:

- your spouse (of any sex)
- a child aged under 21 years
- a child aged 21 years to under 25 years who is a full-time student at a school, college or university.

Dependant for Medicare levy or half levy exemption purposes

A dependant for Medicare levy exemption purposes means a person who is:

- a spouse (of any sex)
- a child aged under 21 years
- a child aged 21 years to under 25 years who is a full-time student at a school, college or university and has adjusted taxable income of less than \$1,786 for the year.

If both you and your spouse are in Medicare levy exemption category 1 or 2 (see page 4) and you have dependent children who are not in any exempt category, one of you can claim a full levy exemption and the other a half levy exemption. You must complete a family agreement to nominate who will pay the half Medicare levy and keep it with your financial records.

Dependent child for Medicare levy family income reduction purposes

A dependent child for Medicare levy reduction purposes means a person maintained by you who is a child aged:

- under 21 years who is not a full-time student and whose adjusted taxable income is less than \$1,786 for the first child or \$1,410 for any additional child
- under 25 years and is a full-time student at a school, college or university and has adjusted taxable income of less than \$1,786 for the year.

If you were not married on the last day of the income year or were married but living apart from your spouse, you must have received family tax benefit for that child or student for some part of the income year for them to be considered a dependant for family income reduction purposes.

Spouse

Your spouse is a person (of any sex) who:

- you are 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.

Spouse weekly income

If the income of your spouse consists solely of salary or wages, the amount to be taken into account is the gross weekly earnings before tax. If your spouse has income other than earnings (for example, share dividends), you must take into account the weekly equivalent of all their income. To obtain this amount, divide their estimated taxable income from all sources by 52.

Medicare levy – income for surcharge purposes

A person's income for surcharge purposes for a financial year is the sum of their:

- taxable income including the net amount you have paid family trust distribution tax on (excluding any First home super saver released amount)
- exempt foreign employment income (if your taxable income is \$1 or more)
- reportable fringe benefits as reported on your payment summary
- reportable super contributions (this includes both reportable employer superannuation contributions and deductible personal super contributions)
- If you have a spouse, their share of the net income of a trust on which the trustee must pay tax (under section 98 of the *Income Tax Assessment Act 1936*) and which has not been included in their taxable income
- total net investment loss (this includes both net financial investment loss and net rental property loss).

If you were aged from your preservation age to under 60 years old, any taxed element of a super lump sum, other than a death benefit, which you received that does not exceed your low rate cap is excluded from your income for surcharge purposes.

More information

Useful products

➤ You can get the following forms and publications from our website at ato.gov.au/onlineordering or by phoning **1300 720 092**:

- *Tax file number declaration* (NAT 3092)
- *Withholding declaration* (NAT 3093)
- *Tax file number – application or enquiry for individuals* (NAT 1432)
- *Medicare levy adjustment weekly tax table* (NAT 1010).

For more information about income tests for a number of tax offsets and government benefits, refer to *Income tests* on our website at ato.gov.au

Phone

Personal tax enquiries phone **13 28 61** between 8.00am and 6.00pm, Monday to Friday. You can:

- get help to complete this form
- receive information about
 - HELP, VSL, FS, SSL or TSL debts
 - claiming the tax-free threshold
 - Medicare Levy Surcharge.

Other services

If you do not speak English well and need help from the ATO, phone the Translating and Interpreting Service on **13 14 50**.

If you are deaf, or have a hearing or speech impairment, phone the ATO through the National Relay Service (NRS) on the numbers listed below:

- TTY users, phone **13 36 77** and ask for the ATO number you need
- Speak and Listen (speech-to-speech relay) users, phone **1300 555 727** and ask for the ATO number you need
- internet relay users, connect to the NRS on relayservice.com.au and ask for the ATO number you need.

If you would like further information about the NRS, phone **1800 555 660** or email helpdesk@relayservice.com.au

Our commitment to you

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 in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

If you make an honest mistake in trying to follow our information in this publication and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest. If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

If you feel that this publication does not fully cover your circumstances, or you are unsure how it applies to you, you can seek further assistance from us.

We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for more recent information on our website at ato.gov.au or contact us.

This publication was current at **June 2019**.

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Medicare levy variation declaration form

Complete this declaration to authorise your payer to adjust the amount withheld from payments made to you.

You must provide, or have previously provided, your payer with a completed *Tax file number declaration* (NAT 3092) quoting your tax file number or claiming an exemption from quoting it, before you can make a Medicare levy variation declaration.

- Refer to the Instructions to help you complete this declaration.
- Print neatly in BLOCK LETTERS.
- Print in the appropriate boxes.

Section A: Payee's declaration

To be completed by payee.

1 What is your tax file number (TFN)?

For information about tax file numbers, see instructions.

2 What is your name?

Title: Mr Mrs Miss Ms Other

Family name

Given names

3 What is your home address?

Street address

Suburb/town

State/Territory

Postcode

4 Do you want your payer to increase the amounts withheld from you to cover the Medicare levy surcharge?

No Go to question 5. Yes Select one of the following rates

1% 1.25% 1.5%

If you want to make other variations using this form, go to question 5. Otherwise, sign and date the declaration and give it to your payer.

5 Do you qualify for a Medicare levy exemption?

No Go to question 8. Yes

6 Do you want to claim a full exemption from the Medicare levy?

No Yes Go to question 9.

7 Do you want to claim a half levy exemption from the Medicare levy?

No Yes Go to question 9.

8 Do you want to claim a Medicare levy reduction?

No Yes

9 Do you have a spouse?

No Yes

For a definition of spouse, see Definitions on page 6.

10 Is the combined weekly income of you and your spouse, or your income as a sole parent, less than the relevant amount in table A on page 2?

No Yes

11 Do you have a Higher Education Loan Program (HELP), VET Student Loan (VSL), Financial Supplement (FS), Student Start-up Loan (SSL) or Trade Support Loan (TSL) debt?

No Yes If you also answered **yes** at question 10, you are exempt from having additional PAYG amounts for HELP, VSL, FS, SSL or TSL withheld from payments to you.

12 Do you have dependent children?

No Sign and date the declaration. Yes How many?

For a definition of dependent children, see Definitions on page 6.

DECLARATION BY PAYEE

I declare that the information I have given on this form is true and correct.

The tax laws impose heavy penalties for giving false or misleading statements.

Signature of payee

Date / /

Give your completed declaration to your payer.

Privacy

For information about your privacy, visit our website at ato.gov.au/privacy

Section B: Payer's declaration

To be completed by payer.

YOUR DETAILS

1 What is your Australian business number (ABN)
(or your withholding payer number if you are not in business)?

2 What is your registered business name or trading name
(or your individual name if you are not a business)?

HOW MUCH SHOULD YOU WITHHOLD?

A **yes** answer at question 4 will require increasing the amount you withhold by 1%, 1.25% or 1.5% of the payee's gross earnings.

A **yes** answer at questions 6, 7 or 8 will require the special *Medicare levy adjustment weekly tax table* (NAT 1010) to calculate the correct amount to withhold.

A **yes** answer at question 10 will require the special *Medicare levy adjustment weekly tax table* (NAT 1010) to calculate the correct amount to withhold. If the payee also has a HELP, VSL, FS, SSL or TSL debt, do not withhold additional amounts to cover the HELP, VSL, FS, SSL or TSL repayment.

DECLARATION BY PAYER

I declare that the information I have given on this form is true and correct.

The tax laws impose heavy penalties for giving false or misleading statements.

Signature of payer

Date / /

Privacy

For information about your privacy, visit our website at ato.gov.au/privacy

STORING AND DISPOSING OF MEDICARE LEVY VARIATION DECLARATIONS

The information in the completed *Medicare levy variation declaration* form must be treated as sensitive. Once you have completed, signed and dated the declaration, you should file it. **Do not send it to us.**

Under the TFN guidelines in the *Privacy Act 1988*, you must use secure methods when storing and disposing of TFN information. Under tax laws, if a payee submits a new *Medicare levy variation declaration* or leaves your employment, you must still keep this declaration for the current and next financial year.

Do not send this declaration form to us.

Sensitive (when completed)

