



# Pay As You Go (PAYG) Withholding Tax Tables

For payments made  
on or after  
1 July 2003

## Monthly Rates including Medicare Levy Adjustment

This document is a withholding schedule made by the Commissioner of Taxation in accordance with sections 15-25 and 15-30 of Schedule 1 to the *Taxation Administration Act 1953*. It applies to withholding payments covered by Subdivision 12-B (except sections 12-50 and 12-55), 12-C (except section 12-85 and 12-90) and 12-D of Schedule 1.

This table should be read in conjunction with the *Pay As You Go (PAYG) Withholding Tax Tables Monthly Rates Incorporating Medicare Levy* and the *Medicare levy variation declaration*.

### Who should use this table?

Use this table if a payee:

- has provided you with a *Medicare levy variation declaration* claiming dependants; and
- has answered 'Yes' to question 10 on the *Medicare levy variation declaration*; and
- the payee's monthly earnings are \$1131 or more.

If a payee's monthly earnings are less than the amounts in Column A of Table 1, a Medicare levy adjustment may be available.

For example, a payee who claims 2 dependent children must have monthly earnings of less than \$2678 to be entitled to a Medicare levy adjustment. If a payee claims more than 10 children, the Column A amount is \$4364, plus \$212 for each child claimed in excess of 10.

Column B shows the values used in calculating adjustments for payees with more than 5 dependent children. If a payee claims more than 10 dependent children, the Column B amount is \$4036.41 plus \$194.48 for each child in excess of 10.

TABLE 1

	Column A	Column B
Spouse only	\$2258	—
Number of children		
1	\$2470	—
2	\$2678	—
3	\$2890	—
4	\$3098	—
5	\$3311	—
6	\$3519	\$3258.41
7	\$3731	\$3452.93
8	\$3939	\$3647.41
9	\$4151	\$3841.93
10	\$4364	\$4036.41

### How to work out withholding amounts

1. Use the *Pay As You Go (PAYG) Withholding Tax Tables Monthly Rates Incorporating Medicare Levy* to calculate the monthly amount to be withheld from the payee's earnings, allowing for any tax offsets or Family tax benefit claimed.
2. Reduce the amount to be withheld by the amount of the Medicare levy adjustment. Where the adjustment equals or exceeds the amount obtained in Step 1, the amount to be withheld is nil.

### Using formulas

The Medicare levy adjustments shown in this table can be expressed in mathematical form. The relevant formulas are available from the Tax Office and may be of assistance to payers who make use of computers in the preparation of payrolls.

### How to calculate the Medicare levy adjustment

Payee claiming spouse and/or 1 to 5 dependent children

Round the payee's monthly earnings down to the nearest dollar. Find the payee's monthly earnings — or the closest lower amount — in the 'Monthly earnings' column of the table, and read off the corresponding amount of Medicare levy adjustment from the 'Spouse only' column or the appropriate 'Number of children' column.

#### Example

The payee has monthly earnings of \$1381.05 and is claiming 4 dependent children on the *Medicare levy variation declaration*. Find \$1381.05 — or the closest lower amount, in this case \$1378.00 — in the 'Monthly earnings' column and read off the corresponding Medicare levy adjustment of \$22.00 from the 'Number of children — 1 to 5' column.

## Payee with more than 5 dependent children

### 1. Monthly earnings less than \$3064

Find the payee's earnings — or the closest lower amount — in the 'Monthly earnings' column and read off the corresponding amount of Medicare levy adjustment from the 'Number of children — 5' column.

**Note:** Where monthly earnings are less than \$3064 and 5 or more dependent children are claimed, the maximum Medicare levy adjustment that can be claimed is the amount equal to the amount of Medicare levy actually included in the amount to be withheld on the payee's monthly earnings.

#### Example

The payee has monthly earnings of \$1779.48 and is claiming 6 dependent children. Find \$1779.48 — or the closest lower amount, in this case \$1776.67 — in the 'Monthly earnings' column and read off the corresponding Medicare levy adjustment of \$26.00 from the 'Number of children — 1 to 5' column.

### 2. Monthly earnings of \$3064 or more but less than the column B amount that corresponds to the number of dependant children claimed.

Take 1.5 per cent of the payee's monthly earnings — expressed as the next higher whole dollar that is a multiple of \$4 — rounded to the nearest dollar.

#### Example

The payee has monthly earnings of \$3093.60 and is claiming 7 dependent children. Take 1.5 per cent of \$3093.60 — expressed as the next higher whole dollar that is a multiple of \$4 — of \$3096. The amount of the Medicare levy adjustment is \$46.00, rounded to the nearest dollar.

### 3. Monthly earnings of \$3064 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.

Take 1.5 per cent of the relevant column B amount and round the result to the nearest cent. Reduce this amount by 18.5 per cent of the difference between the monthly earnings — expressed as the next higher whole dollar that is a multiple of \$4 — and the column B amount. Round the result to the nearest dollar.

#### Example

The payee has monthly earnings of \$3750.36 and is claiming 8 dependent children. Take 1.5 per cent of the column B amount for 8 children of \$3647.41. Reduce this amount of \$54.71 by 18.5 per cent of (\$3752 less \$3647.41). The resulting Medicare levy adjustment is \$35.00 — that is, \$54.71 less \$19.35, rounded to the nearest dollar.

## For more information

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Further information, including all PAYG withholding tax tables, can be accessed quickly and easily on our website at [www.ato.gov.au](http://www.ato.gov.au)

Copies of weekly and fortnightly tax tables are available from most newsagents.

Newsagents also hold copies of the *Tax file number declaration* and the *Withholding declaration*.

