



Fairer Private Health Insurance Incentives (Medicare Levy Surcharge— Fringe Benefits) Act 2012

No. 28, 2012

**An Act to amend the *A New Tax System (Medicare
Levy Surcharge—Fringe Benefits) Act 1999*, and for
related purposes**

Note: An electronic version of this Act is available in ComLaw (<http://www.comlaw.gov.au/>)

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No. 28, 2012

**An Act to amend the *A New Tax System (Medicare
Levy Surcharge—Fringe Benefits) Act 1999*, and for
related purposes**

[Assented to 4 April 2012]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *Fairer Private Health Insurance
Incentives (Medicare Levy Surcharge—Fringe Benefits) Act 2012*.

2 Commencement

- (1) Each provision of this Act specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provision(s)	Commencement	Date/Details
1. Sections 1 to 3 and anything in this Act not elsewhere covered by this table	The day this Act receives the Royal Assent.	4 April 2012
2. Schedule 1	At the same time as Schedule 1 to the <i>Fairer Private Health Insurance Incentives Act 2012</i> commences.	1 July 2012

Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

- (2) Any information in column 3 of the table is not part of this Act. Information may be inserted in this column, or information in it may be edited, in any published version of this Act.

3 Schedule(s)

Each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

Schedule 1—Amendments

A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Act 1999

1 Subsection 3(1) (definition of *family surcharge threshold*)

Repeal the definition.

2 Subsection 3(1)

Insert:

family tier 1 threshold, of a person for a year of income, means the family tier 1 threshold (within the meaning of the *Private Health Insurance Act 2007*) of the person for the financial year corresponding to the year of income.

3 Subsection 3(1) (definition of *singles surcharge threshold*)

Repeal the definition.

4 Subsection 3(1)

Insert:

singles tier 1 threshold, of a person for a year of income, means the singles tier 1 threshold (within the meaning of the *Private Health Insurance Act 2007*) of the person for the financial year corresponding to the year of income.

5 Subsection 3(1)

Insert:

tier 2 earner has the meaning given by section 6.

6 Subsection 3(1)

Insert:

tier 3 earner has the meaning given by section 6.

7 Sections 5A and 6

Repeal the sections, substitute:

6 What is a *tier 2 earner* and *tier 3 earner*

- (1) Subject to this section, for the purposes of this Act:
 - (a) ***tier 2 earner***, for a year of income, means a tier 2 earner (within the meaning of the *Private Health Insurance Act 2007*) for the financial year corresponding to the year of income; and
 - (b) ***tier 3 earner***, for a year of income, means a tier 3 earner (within the meaning of that Act) for the financial year corresponding to the year of income.
- (2) In determining whether a person is a ***tier 2 earner*** or ***tier 3 earner*** for a year of income for the purposes of this Act, section 22-30 of the *Private Health Insurance Act 2007* operates with the modification set out in subsection (3).
- (3) Replace paragraph 22-30(1)(b) of the *Private Health Insurance Act 2007* with the following paragraph:
 - (b) on any day in the year, the person has one or more dependants (within the meaning of the *A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Act 1999*), other than a dependant to whom the person is married (within the meaning of that Act):

8 Paragraph 12(1)(a)

Omit “the singles surcharge threshold”, substitute “the person’s singles tier 1 threshold”.

9 At the end of section 12

Add:

- (4) Increase the amount of each percentage mentioned in subsections (2) and (3) by 0.25 of a percentage point if the person is a tier 2 earner for the year of income.
- (5) Increase the amount of each percentage mentioned in subsections (2) and (3) by 0.5 of a percentage point if the person is a tier 3 earner for the year of income.

10 Paragraph 13(1)(a)

Omit “family surcharge threshold”, substitute “family tier 1 threshold”.

11 At the end of section 13

Add:

- (5) Increase the amount of each percentage mentioned in subsections (3) and (4) by 0.25 of a percentage point if the person is a tier 2 earner for the year of income.
- (6) Increase the amount of each percentage mentioned in subsections (3) and (4) by 0.5 of a percentage point if the person is a tier 3 earner for the year of income.

12 Paragraph 15(1)(b)

Omit “family surcharge threshold”, substitute “family tier 1 threshold”.

13 At the end of section 15

Add:

- (3) Increase the amount of the percentage mentioned in subsection (1) by 0.25 of a percentage point if the person is a tier 2 earner for the year of income.
- (4) Increase the amount of the percentage mentioned in subsection (1) by 0.5 of a percentage point if the person is a tier 3 earner for the year of income.

14 Paragraph 16(2)(b)

Omit “family surcharge threshold”, substitute “family tier 1 threshold”.

15 Paragraph 16(3)(b)

Omit “family surcharge threshold”, substitute “family tier 1 threshold”.

16 After subsection 16(4)

Insert:

- (4A) Increase the amount of the percentage mentioned in subsection (4) by 0.25 of a percentage point if the person is a tier 2 earner for the year of income.

- (4B) Increase the amount of the percentage mentioned in subsection (4) by 0.5 of a percentage point if the person is a tier 3 earner for the year of income.

17 Application

The amendments made by this Schedule apply to the 2012-13 year of income and later years of income.

*[Minister's second reading speech made in—
House of Representatives on 7 July 2011
Senate on 27 February 2012]*