



Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Act (No. 2) 2008

No. 110, 2008

**An Act to amend the law relating to taxation, and
for related purposes**

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

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An Act to amend the law relating to taxation, and for related purposes

[Assented to 31 October 2008]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *Tax Laws Amendment (Medicare Levy
Surcharge Thresholds) Act (No. 2) 2008*.

2 Commencement

This Act commences on the day on which it receives the Royal Assent.

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Each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

4 Review of operation of Act

- (1) The Minister for Health and Ageing must cause an independent review of the operation of this Act to be undertaken as soon as possible after each anniversary of the commencement of this Act, for a period of three consecutive years.
- (2) The review is to consider and report on the impact on public hospitals of the amendments made by this Act, including the number of episodes of care, the impact on operating costs and the impact on elective surgery waiting lists.
- (3) The person undertaking the review must give the Minister a written report of the review, and the Minister must cause a copy of the report to be tabled in each House of the Parliament within 15 sitting days of receiving the report.

Schedule 1—Singles and families income thresholds

Part 1—Amendments

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

1 Subsection 3(1)

Insert:

singles surcharge threshold for a person for a year of income has the meaning given by section 5A.

2 After section 5

Insert:

5A What is the *singles surcharge threshold*?

- (1) The *singles surcharge threshold* for a person for the 2008-09 year of income is \$70,000. This amount is indexed annually.

Indexation of singles surcharge threshold

- (2) The amount of the singles surcharge threshold is indexed annually by:
- (a) multiplying the singles surcharge threshold for the 2008-09 year of income by its indexation factor; and
 - (b) rounding the result in paragraph (a) down to the nearest multiple of \$1,000.
- (3) The singles surcharge threshold is not indexed if its indexation factor is 1 or less.
- (4) The *indexation factor* is:
- Index number mentioned in subsection (6) for the quarter ending on 31 December just before the start of the relevant financial year
Index number mentioned in subsection (6)
for the quarter ending on 31 December 2007

Schedule 1 Singles and families income thresholds

Part 1 Amendments

- (5) The indexation factor mentioned in subsection (4) is calculated to 3 decimal places (rounding up if the fourth decimal place is 5 or more).
- (6) The *index number* for a quarter is the estimate of full-time adult average weekly ordinary time earnings for the middle month of the quarter first published by the Australian Statistician for that month.

3 Subsection 6(1)

Omit “\$100,000”, substitute “an amount equal to double the singles surcharge threshold for the year of income”.

4 Subsection 6(2)

Repeal the subsection, substitute:

- (2) However, if the person has 2 or more dependants who are children, the *family surcharge threshold* for the person for the year of income is the sum of:
- (a) an amount equal to double the singles surcharge threshold for the year of income; and
- (b) the result of the following formula:

$$\$1,500 \times \left(\text{Number of dependants who are children} - 1 \right)$$

Example: If a person has 3 dependants who are children, the family surcharge threshold for the 2008-09 year of income is:

$$\$140,000 + \left(\$1,500 \times 2 \right) = \$143,000$$

5 Paragraph 12(1)(a)

Omit “\$50,000”, substitute “the singles surcharge threshold for the year of income”.

Medicare Levy Act 1986

6 Subsection 3(1)

Insert:

singles surcharge threshold for a person for a year of income has the meaning given by section 3AA.

7 After section 3

Insert:

3AA Meaning of *singles surcharge threshold*

- (1) The *singles surcharge threshold* for a person for the 2008-09 year of income is \$70,000. This amount is indexed annually.

Indexation of singles surcharge threshold

- (2) The amount of the singles surcharge threshold is indexed annually by:
- (a) multiplying the singles surcharge threshold for the 2008-09 year of income by its indexation factor; and
 - (b) rounding the result in paragraph (a) down to the nearest multiple of \$1,000.
- (3) The singles surcharge threshold is not indexed if its indexation factor is 1 or less.
- (4) The *indexation factor* is:
- $$\frac{\text{Index number mentioned in subsection (6) for the quarter ending on 31 December just before the start of the relevant financial year}}{\text{Index number mentioned in subsection (6) for the quarter ending on 31 December 2007}}$$
- (5) The indexation factor mentioned in subsection (4) is calculated to 3 decimal places (rounding up if the fourth decimal place is 5 or more).
- (6) The *index number* for a quarter is the estimate of full-time adult average weekly ordinary time earnings for the middle month of the quarter first published by the Australian Statistician for that month.

8 Section 3A

Repeal the section, substitute:

3A Meaning of *family surcharge threshold*

- (1) In sections 8C, 8D, 8F and 8G, the *family surcharge threshold* for a year of income is an amount equal to double the singles surcharge threshold for the year of income.
- (2) However, if the person has 2 or more dependants who are children, the *family surcharge threshold* for the person for the year of income is the sum of:
 - (a) an amount equal to double the singles surcharge threshold for the year of income; and
 - (b) the result of the following formula:

$$\$1,500 \times \left(\text{Number of dependants who are children} - 1 \right)$$

Example: If a person has 3 dependants who are children, the family surcharge threshold for the 2008-09 year of income is:

$$\$140,000 + \left(\$1,500 \times 2 \right) = \$143,000$$

9 Subsection 8B(2)

Omit “\$50,000”, substitute “the singles surcharge threshold for the year of income”.

10 Subsection 8E(2)

Omit “\$50,000”, substitute “the singles surcharge threshold for the year of income”.

Part 2—Application

11 Application

The amendments made by this Schedule apply to assessments for the 2008-09 year of income and later years of income.

12 Transitional

(1) In this item:

new Act means the *A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Act 1999*, and the *Medicare Levy Act 1986*, as amended by this Schedule.

(2) For the purposes of the new Acts, if:

(a) a person is covered by an insurance policy that provides private patient hospital cover; and

(b) the person is covered by that policy:

(i) during any part of the period starting on 1 July 2008 and ending on 31 December 2008 (the *designated period*); and

(ii) on 1 January 2009;

the person is taken to be covered by that policy during the whole of the designated period.

Note: For this purpose, a person includes a dependant of another person.

*[Minister's second reading speech made in—
House of Representatives on 25 September 2008
Senate on 14 October 2008]*

(203/08)

8 *Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Act (No. 2) 2008* No.
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