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

No. 27, 2012

An Act to amend the *Medicare Levy Act 1986*, 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 *Medicare Levy Act 1986*, 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) 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 *Fairer Private Health Insurance Incentives Act 2012* 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Note: This table relates only to the provisions of this Act as originally enacted.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Each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.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

Medicare Levy Act 1986

1 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.

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

Repeal the definition.

3 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.

4 Subsection 3(1)

Insert:

> ***tier 2 earner*** has the meaning given by section 3A.

5 Subsection 3(1)

Insert:

> ***tier 3 earner*** has the meaning given by section 3A.

6 Sections 3AA and 3A

Repeal the sections, substitute:

3A Meaning of *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):

7 Subsection 8B(2)

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

8 At the end of section 8B

Add:

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

9 Subsection 8C(3)

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

10 At the end of section 8C

Add:

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

11 Paragraph 8D(3)(b)

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

12 Subparagraph 8D(4)(a)(i)

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

13 Paragraph 8D(4)(b)

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

14 After subsection 8D(4)

Insert:

(4A) 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.

(4B) 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.

15 Subsection 8E(2)

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

16 At the end of section 8E

Add:

(3) Increase the amount of each percentage mentioned in subsection (2) by 0.25 of a percentage point if the beneficiary is a tier 2 earner for the year of income.

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

17 Subsection 8F(2)

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

18 At the end of section 8F

Add:

(3) Increase the amount of each percentage mentioned in subsection (2) by 0.25 of a percentage point if the beneficiary is a tier 2 earner for the year of income.

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

19 Paragraph 8G(2)(b)

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

20 Subparagraph 8G(3)(a)(i)

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

21 Paragraph 8G(3)(b)

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

22 After subsection 8G(3)

Insert:

(3A) Increase the amount of each percentage mentioned in subsections (2) and (3) by 0.25 of a percentage point if the beneficiary is a tier 2 earner for the year of income.

(3B) Increase the amount of each percentage mentioned in subsections (2) and (3) by 0.5 of a percentage point if the beneficiary is a tier 3 earner for the year of income.

23 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]

(107/11)