



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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No. 27, 2012

**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 <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Note: This table relates only to the provisions of this Act as originally enacted.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Each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.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

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)

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