

Medicare levy adjustment fortnightly tax table

For payments made on or after 1 July 2018

Using this table

You should use this table if you make payments to your employee on a fortnightly basis and they are entitled to a Medicare levy adjustment.

This table should be used with the *Fortnightly tax table* (NAT 1006) and the *Medicare levy variation declaration* (NAT 0929)

For a full list of tax tables, visit our website at ato.gov.au/taxtables

We have a calculator to help work out the correct amount of tax to withhold from payments to most employees. To access the calculator, visit our website at ato.gov.au/taxwithheldcalculator

When your employee is entitled to a Medicare levy adjustment

Your employee is entitled to an adjustment if they meet **all** of the following requirements:

- they have provided you with a *Medicare levy variation declaration* (NAT 0929) in which they
 - claimed dependants
 - answered **yes** to question 10 in the declaration ‘Is the combined weekly income of you and your spouse, or your income as a sole parent, less than the relevant amount in Table A on page 2?’.
- they have fortnightly earnings of \$844 or more, but less than the corresponding amount in column A of Table 1 on page 2
 - for example, an employee who claims two dependent children must have fortnightly earnings of less than \$2,110 to be entitled to a Medicare levy adjustment.

No Medicare levy is payable on fortnightly earnings of less than \$844.

If your employee claims more than 10 children, the column A amount is \$3,420, plus \$164 for each child claimed in excess of 10.

Column B shows the values used in calculating adjustments for employees with more than five dependent children. If your employee claims more than 10 dependent children, the column B amount is \$2,736.50 plus \$131.00 for each child in excess of 10.

For information about how to use Table 1, refer to ‘Working out the Medicare levy adjustment’ on page 2.



Table 1: Medicare levy adjustments

	Column A	Column B
Spouse only	\$1,782	—
Number of children		
1	\$1,946	—
2	\$2,110	—
3	\$2,274	—
4	\$2,438	—
5	\$2,600	—
6	\$2,764	\$2,212.50
7	\$2,928	\$2,343.50
8	\$3,092	\$2,474.50
9	\$3,256	\$2,605.50
10	\$3,420	\$2,736.50

Working out the withholding amount

To work out the amount you need to withhold, you must:

- 1 Use the *Fortnightly tax table* (NAT 1006) to find the fortnightly amount to withhold from your employee's earnings, allowing for any tax offsets claimed.
- 2 Reduce this amount by the amount of the Medicare levy adjustment, worked out as detailed below.

Where the adjustment equals or exceeds the amount obtained in step 1 the amount to be withheld is nil.

Working out the Medicare levy adjustment

How you work out the Medicare levy adjustment varies depending on the number of dependent children your employee is claiming, see either:

- 'Employee claiming spouse and/or one to five dependent children'
- 'Employee with more than five dependent children'.

Employee claiming spouse and/or one to five dependent children

Round the fortnightly earnings down to the nearest dollar amount. Use the table from page 4 to find your employee's fortnightly earnings – or the nearest lower figure, in the 'Fortnightly earnings' column and find the corresponding amount of Medicare levy adjustment in the appropriate column.

Example

The employee has fortnightly earnings of \$912 and is claiming four dependent children on the *Medicare levy variation declaration*. Find \$912, or the nearest lower figure (in this case \$850), in the 'Fortnightly earnings' column and refer to the corresponding Medicare levy adjustment of \$6.00 from the '4 children' column.

Employee with more than five dependent children

How you work out the Medicare levy adjustment for an employee with more than five dependent children varies depending on the fortnightly earnings of your employee, refer to:

- 'Fortnightly earnings less than \$2,082 below
- 'Fortnightly earnings of \$2,082 or more but less than the column B amount that corresponds to the number of dependent children claimed' on page 3
- 'Fortnightly earnings of \$2,082 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' on page 3.

Fortnightly earnings less than \$2,082

Use the '5 children' column. Round the fortnightly earnings down to the next dollar amount. Use the table from page 4 to find your employee's earnings – or the nearest lower figure, in the 'Fortnightly earnings' column and refer the corresponding amount of Medicare levy adjustment from the '5 children' column.

Example

The employee has fortnightly earnings of \$881.30 and is claiming six dependent children. Find \$881 in the 'Fortnightly earnings' column and refer to the corresponding Medicare levy adjustment of \$4.00 from the '5 children' column.

Fortnightly earnings of \$2,082 or more but less than the column B amount that corresponds to the number of dependent children claimed

Round the fortnightly earnings down to the next dollar amount. Take 2% of that amount and round to the nearest dollar.

Example

The employee has fortnightly earnings of \$2,135.50 and is claiming seven dependent children. Take 2% of \$2,135 (the next lower dollar amount), this equals \$42.70.

The Medicare levy adjustment is \$43, rounded to the nearest dollar.

Fortnightly earnings of \$2,082 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

Complete steps 1–4 below:

- 1 Take 2% of the relevant column B amount. Round the result to the nearest cent.
- 2 Take 8% of the difference between the fortnightly earnings (round down to the next dollar amount) and the column B amount. Round the result to the nearest cent.
- 3 Subtract the result of step 2 from step 1.
- 4 Round the result to the nearest dollar.

Example

The employee has fortnightly earnings of \$2,511.00 and is claiming eight dependent children.

1 $2\% \times \$2,474.50$ (column B amount for eight children)
= \$49.49

2 $8\% \times (\$2,511 - \$2,474.50)$
= $8\% \times \$36.50$
= \$2.92

3 $\$49.49 - \2.92
= \$46.57

4 \$47.00 (\$46.57 rounded to the nearest dollar).

The Medicare levy adjustment is \$47.00.

Using a formula

The withholding amounts shown in this table can be expressed in a mathematical form.

If you have developed your own payroll software package, refer to *Statement of formulas for calculating amounts to be withheld* (NAT 1004) available on our website at ato.gov.au/taxtables

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Fortnightly earnings \$	Spouse only \$	1 child \$	2 children \$	3 children \$	4 children \$	5 children \$
2550	—	—	—	—	—	4.00
2552	—	—	—	—	—	4.00
2554	—	—	—	—	—	4.00
2556	—	—	—	—	—	4.00
2558	—	—	—	—	—	4.00
2560	—	—	—	—	—	4.00
2562	—	—	—	—	—	4.00
2564	—	—	—	—	—	2.00
2566	—	—	—	—	—	2.00
2568	—	—	—	—	—	2.00
2570	—	—	—	—	—	2.00
2572	—	—	—	—	—	2.00
2574	—	—	—	—	—	2.00
2576	—	—	—	—	—	2.00
2578	—	—	—	—	—	2.00
2580	—	—	—	—	—	2.00
2582	—	—	—	—	—	2.00
2584	—	—	—	—	—	2.00
2586	—	—	—	—	—	2.00
2588	—	—	—	—	—	—
2590	—	—	—	—	—	—
2592	—	—	—	—	—	—
2594	—	—	—	—	—	—
2596	—	—	—	—	—	—
2598	—	—	—	—	—	—
2600	—	—	—	—	—	—
2602	—	—	—	—	—	—
2604	—	—	—	—	—	—
2606	—	—	—	—	—	—
2608	—	—	—	—	—	—
2610	—	—	—	—	—	—
2612	—	—	—	—	—	—
2614	—	—	—	—	—	—

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