



Australian Taxation Office

1987 Medicare Levy Exemptions and Reductions Guide — including Schedule M

Fill in Schedule M if:

- your taxable income is more than \$8030 and
 - you ticked YES to any of the groups at question 46 on Form S; **or**
 - you are completing Form A or B and you are claiming an exemption or reduction in the amount of levy payable (see 'The 1987 Forms A and B Instructions').
- you are a trustee claiming an exemption or reduction in the amount of levy payable in respect of a beneficiary under a legal disability whose share of the net income of a trust estate is more than \$8030 (see 'The 1987 Form T Instructions').

*We will work out the levy (if any) you have to pay.
If you want to work it out yourself, a calculation block is included in this form.*

DO NOT fill in Schedule M if:

- your taxable income is less than \$8031.
(We do not need this form even though you may have ticked YES at any of the groups at question 46 on Form S).

*If your taxable income is less than \$8031 you do not have to pay the levy.
If the levy has already been taken out of your salary, pension, etc., we will give it back to you or put it towards any tax you owe.*

If you want more information:

- please read the booklet called 'Income tax and Medicare levy exemptions and reductions'. This booklet is available from Taxation Offices and most Post Offices.

Note 1

Your spouse

is the person you lived with as husband and wife whether you were married or not.

If you were married but living apart we do not regard you as having a spouse.

If your spouse died during the year ended 30/6/87 and you did not have a spouse for the rest of the year, we regard you as having had a spouse on 30/6/87.

A dependent child or student

is an Australian resident who you maintained AND who was:

- a full-time student under 25 at school, college or university whose separate net income was less than \$1786 if maintained by you for the whole year, otherwise \$281 plus \$28.94 for each week maintained by you;
- the first child under 16 who was not a student whose separate net income was less than \$1786 if maintained by you for the whole year, otherwise \$281 plus \$28.94 for each week maintained by you; or
- every other child under 16 who was not a student whose separate net income was less than \$1410 if maintained by you for the whole year, otherwise \$281 plus \$21.72 for each week maintained by you.

A child or student living overseas can ONLY be included if

- temporarily away from Australia; or
- awaiting early migration to Australia.

Note 2

A dependant

is an Australian resident who you maintained AND who was:

- **Your spouse**
that is the person you lived with as husband and wife whether you were married or not.
- **Your child or your spouse's child**
 - under 16; or
 - aged 16 to 24 who was a full-time student at school, college or university and who had a separate net income less than \$1786 if maintained by you for the whole year, otherwise \$281 plus \$28.94 for each week maintained by you.

If two parents living apart both maintain a child or student, we regard the child or student as being the dependant of the parent who could claim family allowance.

Note 3

You maintained a dependant if you:

- gave the dependant food, lodging or clothing; OR
- helped to pay for the dependant's living, medical or educational expenses.

For any period you and the dependant lived together we would normally regard you as having maintained the dependant even if he or she had a separate net income. For example, a husband and wife living together are dependants of one another and if each has a separate net income each is considered to have maintained the other.

Separate net income means:

the income which a dependant got from all sources during the period you maintained the dependant (even if the income is free of tax)

LESS

any expenses the dependant had to meet in getting that income.

Separate net income includes:

- any part of a scholarship or bursary which is paid to help students with their living expenses; or
- any net capital gain on the disposal of assets subject to tax. The booklet called 'Income Tax and Capital Gains' tells you about capital gains tax. It is available from Taxation Offices.

Separate net income does NOT include:

- family allowances (child endowment) including any family allowance component of an Australian Government education assistance scheme;
- family income supplement including any family income supplement component of an Australian Government education assistance scheme;
- handicapped child's allowance; or
- Australian Government benefits paid for nursing care.

When working out the separate net income of a dependant do not deduct any tax instalments.

How to fill in your Schedule M

- Answer all the questions below (unless told otherwise). The questions will tell you which Parts of Schedule M to fill in.
- If you are a trustee claiming in respect of a beneficiary, answer as if you were the beneficiary and write the name of the beneficiary at the bottom of Schedule M.

A I had a spouse (married or de facto) on 30/6/87 and our combined taxable income is less than \$14 182 plus \$1761 for each dependent child or student. Yes

B I am entitled to a rebate as a sole parent or for a housekeeper or daughter-housekeeper and my taxable income is less than \$14 182 plus \$1761 for each of my dependent children or students. Yes

C A Health Card holder (not Medicare Card holder) whose income or spouse's income was not taken into account in determining eligibility for the card. Yes

D Under Defence Force or Repatriation arrangements, a person entitled to full free medical treatment for all conditions. Yes

E A non-resident of Australia or resident of Norfolk Island or Cocos (Keeling) Islands, or a person certified by the Minister for Health as not entitled to Medicare benefits. Yes

F A member of a diplomatic mission or consular post in Australia (or a member of such a person's family) who was not an Australian citizen and does not ordinarily live in Australia. Yes

- 1** Were you in any of the above groups in 1986–87? No You cannot claim an exemption or reduction. You should not fill in Schedule M.
Yes Go to question 2.

- 2** Were you in group A or B? No Go to question 3.
Read Notes 1 and 3. Yes Fill in Part 3 on Schedule M to claim a reduction.

- 3** Were you in group C, D, E or F? No You do not have to answer any more questions.
Yes Go to question 4.

- 4** Was there a time when you were in group C, D, E or F and you had no dependants? No Go to question 5.
Read Notes 2 and 3. Yes Fill in Part 1 on Schedule M to claim a full exemption for the number of days this applied to you.

- 5** Was there a time when you were in group C, D, E or F and each of your dependants was in group C, D, E or F? No Go to question 6.
Yes Fill in Part 1 on Schedule M to claim a full exemption for the number of days this applied to you.

- 6** Was there a time when you were in group C or D and you had a dependant who was not in group C, D, E or F? No Go no further.
Yes Fill in Part 2 on Schedule M to claim a half exemption for the number of days this applied to you.

Medicare Levy Exemptions and Reductions

Please pin this Schedule to Page 3 of your return form.



Australian Taxation Office

1987 Schedule M

This Schedule is part of the income tax return of:

Full name—please print

Signature

File number

Part 1 – to be filled in ONLY if you answered 'Yes' to question 4 or 5 on Page 3.

- How long are you claiming a full exemption for? / / to / / Including weekends – how many days is this? **A**
- Which group were you in during this time?
- If you had dependants explain on the back of this page which group they were in.

Part 2 – to be filled in ONLY if you answered 'Yes' to question 6 on Page 3.

- How long are you claiming a half exemption for? / / to / / Including weekends – how many days is this? **B**
- Which group were you in during this time?

Part 3 – to be filled in ONLY if you answered 'Yes' to question 2 on Page 3.

- To claim a reduction, answer the following questions.

- Did you have a spouse on 30/6/87?

No put '0' in the box at **C**

Yes put your spouse's 1986-87 taxable income in the box at **C**. If none, write '0'.

Amount—do not show cents

C

- Your spouse's full name?

- How many dependent children and students did you maintain in 1986-87? **D**

- Give details of your dependent children and students unless you have shown this detail in another part of your 1986/87 return.

Name (for a student, also show name of school, college or university and period as a full-time student if less than the full year).

Date of birth

Address. If with you, write 'WITH ME'.

Period maintained by you. If full year, write 'FULL YEAR'.

Separate net income. If none, write 'NONE'.

Name (for a student, also show name of school, college or university and period as a full-time student if less than the full year).	Date of birth	Address. If with you, write 'WITH ME'.	Period maintained by you. If full year, write 'FULL YEAR'.	Separate net income. If none, write 'NONE'.
<input type="text"/>	<input type="text"/> / <input type="text"/> / <input type="text"/>	<input type="text"/>	<input type="text"/> / <input type="text"/> / <input type="text"/> to <input type="text"/> / <input type="text"/> / <input type="text"/>	\$ <input type="text"/>
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Part 4 – to be filled in ONLY in Trustee cases.

- Fill in a separate Schedule M for each beneficiary in respect of whom you are claiming an exemption or reduction.

- Name of beneficiary

Do not write in this space

E f

If you want to work out your Medicare levy use this page.

Levy to be paid	Basic Levy — from block 1 below.	\$ _____
	Take away your share of any 'Family Reduction Amount' — from block 2 below.	\$ _____
		Net basic levy. \$ _____
	Take away any 'Exemption Adjustment' — from block 3 below.	\$ _____
		Levy payable. \$ _____

1 Basic Levy

If your taxable income is:

- **over \$8517,**
your BASIC LEVY is 1.145% of your taxable income.
- **in the range from \$8031 to \$8517,**
your BASIC LEVY is 20% of the amount that your taxable income is more than \$8030.
- **below \$8031,**
your BASIC LEVY is NIL.

2 Family Reduction Amount for groups A and B

Your family income is:

If you had a spouse (married or de facto) on 30/6/87,
— your taxable income plus your spouse's taxable income.
If you did not have a spouse on 30/6/87 but were entitled to one of the rebates listed in group B,
— your own taxable income.

Your lower and upper limits are:

(Work this out from the number of dependent children and students you had.)

Number of dependent children and students	Your lower limit	Your upper limit
0	\$13 370	\$14 182
1	\$15 030	\$15 943
2	\$16 690	\$17 704
3	\$18 350	\$19 465
4	\$20 010	\$21 226
5	\$21 670	\$22 987

(For each additional dependent child or student, ADD \$1660 to your lower limit and \$1761 to your upper limit.)

If your family income was.

- less than or equal to your lower limit,
your Family Reduction Amount is the same as your basic levy.
- between your lower and upper limits,
work out your Family Reduction Amount below.

To work out Family Reduction Amount

Your family income	\$	_____	
Take away your lower limit	\$	_____	(a)
	\$	_____	(b)
1.145% of (a)	\$	_____	
Take away 18.855% of (b)	\$	_____	
Family Reduction Amount	\$	_____	(c)

Go to the top of the next column

If the taxable income of your spouse is more than \$8030 you will share the Family Reduction Amount as shown below.

$$\frac{(\text{Amount at (c)} \times \text{Your taxable income})}{\text{Your family income}}$$

$$\text{\$ } \underline{\hspace{2cm}} \times \text{\$ } \underline{\hspace{2cm}} = \text{\$ } \underline{\hspace{2cm}}$$

Your Family Reduction Amount cannot be more than the basic levy you must pay. If it is, the difference will be taken off the levy your spouse must pay. Similarly any excess Family Reduction Amount your spouse has is transferred to you.

Show any excess Family Reduction Amount transferred from your spouse.

$$\text{\$ } \underline{\hspace{2cm}}$$

Add both amounts to get your share of the Family Reduction Amount.

$$\text{\$ } \underline{\hspace{2cm}}$$

3 Exemption Adjustment for groups C, D, E and F

• **Full exemption.**

$$\frac{(\text{Net basic levy} \times \text{Number of days shown at Part 1 of Schedule M})}{365}$$

$$\text{\$ } \underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \text{\$ } \underline{\hspace{2cm}}$$

• **Half exemption.**

$$\frac{(\text{Net basic levy} \times \text{Number of days shown at Part 2 of Schedule M})}{(365 \times 2)}$$

$$\text{\$ } \underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \text{\$ } \underline{\hspace{2cm}}$$

Add both amounts to get your Exemption Adjustment.

$$\text{\$ } \underline{\hspace{2cm}}$$