



Australian Government
Australian Taxation Office

Medicare levy variation declaration

Complete this declaration if you want to:

- increase the amount withheld from payments to you to cover your Medicare levy surcharge
- claim an exemption from the Medicare levy
- reduce the additional pay as you go (PAYG) amount withheld from payments to you to cover the Medicare levy, or
- claim an exemption from Higher Education Loan Programme (HELP) or Financial Supplement repayments because of your low family income.



The information in these instructions is current to 30 June 2008. You do not need to complete a new declaration unless your situation changes. You must lodge a new declaration if:

- you leave your current payer and start to receive payments from a new payer, or
- your circumstances change.



Please read these instructions carefully to make sure you calculate your Medicare levy variation amount correctly. If you give the wrong information, you may have insufficient amounts withheld from payments made to you and this may result in a significant tax debt at the end of the income year.



If you need more information or help, you can:

- visit our website at www.ato.gov.au or
- phone **13 28 61** between 8.00am and 6.00pm, Monday to Friday.

OUR COMMITMENT TO YOU

We are committed to providing you with advice and information you can rely on.

We make every effort to ensure that our advice and information is correct. If you follow advice in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it. However, we will not charge you a penalty or interest if you acted reasonably and in good faith.

If you make an honest mistake when you try to follow our advice and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest.

If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

You are protected under GST law if you have acted on any GST advice in this publication. If you have relied on GST advice in this publication and that advice later changes, you will not have to pay any extra GST for the period up to the date of the change. Similarly, you will not have to pay any penalty or interest.

If you feel this publication does not fully cover your circumstances, please seek help from the Tax Office or a professional adviser.

The information in this publication is current at July 2007.

We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for a more recent version on our website at www.ato.gov.au or contact us.

PRIVACY OF INFORMATION

The Tax Office is authorised by the *Taxation Administration Act 1953* to collect your tax file number (TFN). It is not an offence not to provide your TFN. However, failure to provide your TFN may result in you having extra tax withheld from your payments.

The Tax Office is authorised by the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997*, the *Higher Education Funding Act 1988*, the *Higher Education Support Act 2003*, the *Social Security Act 1991*, the *Student Assistance Act 1973*, the *Taxation Administration Act 1953*, *A New Tax System (Family Assistance) Act 1999*, and *A New Tax System (Family Assistance)(Administration) Act 1999* to ask for the information on this form. We need this information to help us administer the tax laws. Where authorised by law to do so, we may give this information to other government agencies.

These agencies could include Centrelink and the departments of Families, Community Services and Indigenous Affairs; Veterans' Affairs; and Education, Science and Training.

If you need more information about how the tax laws protect your personal information, or you have any concerns about how the Tax Office has handled your personal information, phone **13 28 61** between 8.00am and 6.00pm, Monday to Friday.

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HOW TO COMPLETE THE MEDICARE LEVY VARIATION DECLARATION FORM

Most payees in Australia have the Medicare levy automatically withheld from their income by their payer under the pay as you go (PAYG) withholding system. However, some payees:

- qualify for an exemption from the levy
- can pay a reduced levy, or
- have to pay a Medicare levy surcharge.

WHO SHOULD COMPLETE THE DECLARATION FORM?

Complete the attached declaration form to claim an exemption from the Medicare levy or to vary the amount withheld for the levy if:

- you are in one of the Medicare levy exemption categories (see 'Medicare levy exemption categories' on page 2)
- the combined weekly income of you and your spouse is less than \$631 or, if you maintain a child or student, less than the relevant amount shown in Table A below
- you are a sole parent with a weekly income of less than \$690 or, if you maintain more than one child or student, less than the relevant amount shown in Table A below, or
- you have to pay the additional 1% Medicare levy surcharge and want to increase the amount withheld from payments to you to cover the surcharge (see 'Who is liable for the surcharge?' opposite).

Also complete the attached declaration if you want to claim an exemption from Higher Education Loan Programme (HELP) or Financial Supplement repayments for a year because, due to low family income, you are entitled to a reduction of the Medicare levy or you do not have to pay the Medicare levy.

TABLE A: Weekly income

Number of dependent children	Weekly income (\$)
0	631
1	690
2	749
3	807
4	866
5	925
6	983
7	1,042
8	1,101
9	1,160
10	1,218

! You should read all the instructions before completing the declaration.

QUESTION 1: WHAT IS YOUR TAX FILE NUMBER (TFN)?

It is not an offence not to quote your TFN, but there may be consequences if you do not – for example, your payer may need to withhold more from payments made to you.

➤ NEED TO KNOW YOUR TFN?

You will find your TFN on:

- your income tax notice of assessment
- correspondence sent to you by the Tax Office, or
- a payment summary issued by your payer.

If you have a tax agent, they may also be able to tell you your TFN.

If you cannot find your TFN or are not sure you have one phone **13 28 61** between 8.00am and 6.00pm, Monday to Friday. You will be asked for information about your identity and, if you have a TFN, we will tell you what it is.

If you have never had a TFN (or are not sure if you have one), you can also complete a *Tax file number application or enquiry for an individual* (NAT 1432).

QUESTIONS 2 AND 3:

Fill in your personal information.

QUESTION 4: DO YOU WANT YOUR PAYER TO INCREASE THE AMOUNTS WITHHELD FROM YOU BY 1% TO COVER THE MEDICARE LEVY SURCHARGE?

Who is liable for the surcharge?

You are liable for the Medicare levy surcharge (MLS) if:

- you and your dependants (including your spouse) are not in any of the six Medicare levy exemption categories (on page 2)
- you do not have private patient hospital cover for yourself, your spouse and all your dependent children, and
- you meet the conditions for your relevant circumstances as described below:
 - you are single and have no dependants, and your taxable income for surcharge purposes is more than \$50,000
 - you are single with dependent children, and your taxable income for surcharge purposes is more than \$100,000, plus \$1,500 for each dependent child after the first child
 - you have a spouse and dependent children, and the combined taxable income of you and your spouse for surcharge purposes is more than \$100,000, plus \$1,500 for each dependent child after the first child, or
 - you have a spouse but no dependent children, and your combined taxable income for surcharge purposes is more than \$100,000.

If you and your spouse's combined taxable income for MLS purposes exceeded the family surcharge threshold described above, but your own taxable income for MLS purposes did not exceed \$16,740, you are not liable for the surcharge for any part of the year. However, your spouse may still be liable for the surcharge.

If you take out private patient hospital cover during the year, or cancel your cover, you may be liable for the surcharge for the part of the year when you and all your dependants (including your spouse) were not covered.

- ➔** If you need more information about the Medicare levy surcharge:
- visit **www.ato.gov.au** and select 'Individuals', or
 - phone **13 28 61** between 8.00am and 6.00pm, Monday to Friday.

QUESTIONS 5, 6, 7 AND 8:

Claiming a Medicare levy exemption or reduction

❗ DO YOU HAVE MORE THAN ONE PAYER?
If you are entitled to an exemption and have more than one payer, you must lodge this declaration only with the payer you are claiming the tax-free threshold from.

If you receive income from more than one source, contact the Tax Office to arrange for a reduced amount to be withheld from your income from other sources.

Full exemption

You are entitled to a full Medicare levy exemption if:

- you and all your dependants are in one of the Medicare levy exemption categories listed opposite
- your dependants had to pay the Medicare levy (for example, your only dependant is your spouse who is not in an exemption category but has to pay the Medicare levy), or
- you are in an exemption category and have a dependent child who is not in an exemption category but the child is also a dependant of your spouse, who has to pay the Medicare levy.

If you are entitled to a full exemption, answer 'Yes' at questions 5 and 6 to claim the exemption.

Half exemption

You are exempt from half the Medicare levy if you are in exemption category 1 or 2 and have dependants who are not in an exemption category and do not have to pay the Medicare levy (for example, they are low income earners).

If you are entitled to a half exemption, answer 'Yes' at question 5, 'No' at question 6, and 'Yes' at question 7.

Medicare levy exemption categories

You are in an exemption category if you:

- are a blind pensioner or you receive the sickness allowance from Centrelink – category 1
- are entitled to full free medical treatment for all conditions under Defence Force arrangements or Veterans' Affairs Repatriation Health Card (Gold Card) or repatriation arrangements – category 2
- are not an Australian resident for tax purposes – category 3
- are a resident of Norfolk Island – category 4
- are a member of a diplomatic mission or consular post in Australia (or a member of such a person's family and you were living with them) and you are not an Australian citizen and you do not ordinarily live in Australia – category 5
- have a certificate from the Medicare Levy Exemption Certification Unit of Medicare Australia showing that you are not entitled to Medicare benefits. A letter from Medicare is not sufficient – category 6.

❗ As Medicare Australia will only issue a certificate of exemption at the time you are required to lodge a taxation return, you are not able to vary your withholding amount for the levy. However, where a certificate is granted it will be taken into account in calculating the levy payable in your income tax assessment. For more information on how to apply for an exemption certificate, phone Medicare Australia on **1300 300 271** or visit their website at **www.medicareaustralia.gov.au**

Reduction based on family income

If you are not in an exemption category, you may be able to claim a reduction based on your family income. To be eligible, you must be in one of the following categories:

- you had a spouse (married or de facto) on the last day of the income year
- your spouse died during the year and you did not have another spouse before the end of the year
- you are entitled to a child-housekeeper or housekeeper tax offset, or would be if you were not eligible for the family tax benefit, or
- you were a sole parent at some time during the year (that is, you had sole care of any dependent children or students). This includes any child for whom you had sole care, not just your own child

and

- you are a sole parent with a gross weekly income of less than \$690 or, if you have more dependants, less than the relevant amount shown in Table A on page 1, or
- you have a spouse and your combined gross weekly income is less than \$631 or, if you have one or more dependants, less than the relevant amount shown in Table A on page 1.

For example, the relevant income amount for a husband and wife with two dependent children is \$749 a week. If their combined weekly income is less than this amount, they should answer 'Yes' at question 8.

If you are entitled to a reduction, answer 'Yes' at question 8.

QUESTIONS 9 AND 10:

Fill in your personal information.

**QUESTION 11(A):
DO YOU HAVE AN ACCUMULATED HIGHER
EDUCATION LOAN PROGRAMME (HELP) DEBT?**

If you have an accumulated HELP debt, answer 'Yes' at question 11(a).

❗ If you had a Higher Education Contribution Scheme (HECS) debt it became an accumulated HELP debt on 1 June 2006.

HELP was introduced on 1 January 2005 replacing HECS. HELP consists of:

- HECS-HELP
- FEE-HELP
- OS-HELP

If the Australian Government lends you money under any of these schemes you will have a HELP debt.

➡ For more information about HELP debts obtain a copy of our guide *Repaying your HELP debt in 2007–08* (NAT 3913) from:
■ www.ato.gov.au, or
■ phone **1300 720 092**.

**QUESTION 11(B):
DO YOU HAVE AN ACCUMULATED
FINANCIAL SUPPLEMENT DEBT?**

If you have an accumulated Financial Supplement debt, answer 'Yes' at question 11(b).

❗ The Student Financial Supplement Scheme closed on 31 December 2003 and loans are no longer being issued. Existing Financial Supplement debts will continue to be collected through the tax system.

➡ For more information about Financial Supplement debts obtain a copy of our guide *Repaying your Financial Supplement debt in 2007–08* (NAT 2789) from:
■ www.ato.gov.au, or
■ phone **1300 720 092**.

**QUESTION 12:
DO YOU HAVE DEPENDENT CHILDREN?**

If you have dependent children, answer 'Yes' at question 12 and provide the number of children.

See the glossary for a definition of dependent children for Medicare levy family income reduction purposes.

DECLARATION

Make sure that you have signed and dated the declaration.

Give your completed declaration form to your payer.

GLOSSARY

Dependant

There are three different categories of dependants:

- a dependant for Medicare levy surcharge purposes
- a dependant for Medicare levy or half levy exemption purposes, and
- a dependent child for Medicare levy family income reduction purposes.

Dependant for Medicare levy surcharge purposes

A dependant for Medicare levy surcharge purposes is a person wholly or partly maintained by you who is:

- your spouse
- a child aged under 21 years (a child includes an adopted child, a stepchild or an ex-nuptial child), or
- a dependent child aged 21 years to under 25 years who is a full-time student at a school, college or university.

Dependant for Medicare levy or half levy exemption purposes

A dependant for Medicare levy exemption purposes means a person who is:

- a spouse
- a child aged under 21 years, or
- a child aged 21 years to under 25 years who is a full-time student at a school, college or university and has a separate net income of less than \$1,786 for the year.

If both you and your spouse are in Medicare levy exemption category 1 or 2 (see page 2) and you have dependent children who are not in any exempt category, one of you can claim a full levy exemption and the other a half levy exemption. You must complete a family agreement to nominate who will pay the half Medicare levy and keep it with your financial records.

Dependent child for Medicare levy family income reduction purposes

A dependent child for Medicare levy reduction purposes means a person maintained by you who is:

- a child aged under 21 years who is not a full-time student and whose separate net income is less than \$1,786 for the first child or \$1,410 for any additional child – 'child' includes an adopted child, a stepchild or an ex-nuptial child
- a child under 25 years old and is a full-time student at a school, college or university and has a separate net income of less than \$1,786 for the year.

If you were not married on the last day of the income year or were married but living apart from your spouse, you must have received family tax benefit for that child or student for some part of the income year for them to be considered a dependant for family income reduction purposes.

Spouse

Your spouse is the person you are legally married to or who shares a de facto relationship with you. A de facto relationship is defined as a man and a woman living together on a *bona fide* domestic basis, although not legally married to each other.

Spouse weekly income

If the income of your spouse consists solely of salary or wages, the amount to be taken into account is the gross weekly earnings before tax. If your spouse has income other than earnings (for example, share dividends), you must take into account the weekly equivalent of all their income. To obtain this amount, divide their estimated taxable income from all sources by 52.

Taxable income for Medicare levy surcharge purposes

A person's taxable income for surcharge purposes is the total of their taxable income, reportable fringe benefits and the net amount on which family trust distribution has been taxed, less any taxable components of a superannuation lump sum where the maximum tax rate is zero.