Medicare and private health insurance

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/
- Last modified: 01 Jul 2022
- QC 65037

As an Australian resident for tax purposes you are subject to the Medicare levy. The Medicare levy is in addition to the tax you pay on your taxable income, unless you qualify for a reduction or exemption. The Medicare levy helps fund some of the costs of Australia's public health system known as Medicare.

In addition to the Medicare levy, you may have to pay the Medicare levy surcharge (MLS) if:

- you, your spouse or dependant children don’t have an appropriate level of private patient hospital cover, and
- your income is above a certain amount.

If you have a private health insurance policy, you may be able to get the private health insurance rebate.

In this section

Medicare levy

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-

insurance/Medicare-levy/
- Last modified: 16 Jan 2023
- QC 27030

Find out about the Medicare levy, paying the levy and if you are eligible for an exemption or reduction.

What is the Medicare levy?
The Medicare levy is an amount you pay in addition to the tax you pay on your taxable income.

Medicare levy exemption
Find out about the Medicare levy exemptions and check if you qualify for an exemption from paying the Medicare levy.

Medicare levy reduction
Find out if you are eligible for a Medicare levy reduction based on your income or family income.

Medicare
Find out about Medicare on the Services Australia website, such as what health care is covered by Medicare, how to enrol and how to claim.

Medicare levy surcharge
Find out about the Medicare levy surcharge (MLS) and when you have to pay the MLS.

What is the Medicare levy?

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy/What-is-the-Medicare-levy-/
- Last modified: 16 Jan 2023
- QC 71228

The Medicare levy is an amount you pay in addition to the tax you pay on your taxable income.

The Medicare levy helps fund some of the costs of Australia's public health system known as Medicare. The Medicare levy is 2% of your taxable income.

You may get a reduction or exemption from paying the Medicare levy, depending on you and your spouse's income and circumstances. You need to consider your eligibility for a reduction or an exemption separately.

We calculate your Medicare levy when you lodge your income tax return. Generally, the pay as you go amount your employer withholds from your salary or wages includes an amount to cover the Medicare levy.

You can use the Medicare levy calculator to work out your Medicare levy.

Example: working out how much Medicare levy to pay

Matthew earns an income of $76,000 annually. He has $1,000 of allowable deductions.

Matthew is single and doesn't have any dependants. Matthew isn't eligible for the Seniors and pensioners tax offset (SAPTO) and isn't eligible for any Medicare levy exemptions or reductions.

Matthew will pay a Medicare levy of 2% of his taxable income.

Matthew works out his taxable income as:

Assessable income − allowable deductions = taxable income

$76,000 − $1,000 = $75,000

The amount of Medicare levy Matthew pays is:

$75,000 × 0.02 = $1,500

The Medicare levy is automatically calculated when Matthew completes his tax return.

Medicare levy exemption

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy/Medicare-levy-exemption/
- Last modified: 16 Jan 2023
- QC 27035

Find out about Medicare levy exemptions for medical conditions, foreign residents or entitlement to Medicare benefits.

Medical exemption from Medicare levy
Find out about claiming an exemption from paying the Medicare levy if you have a medical exemption.

Foreign residents Medicare levy exemption

Find out about claiming an exemption from paying the Medicare levy if you are a foreign resident.

Not entitled to Medicare benefits
Find out about claiming an exemption from paying the Medicare levy if you were not entitled to Medicare benefits.

Dependants for Medicare levy exemption
Find out what a dependant means for the Medicare levy exemption.

Medical exemption from Medicare levy

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy/Medicare-levy-exemption/Medical-exemption-from-Medicare-levy/
- Last modified: 21 Jul 2022
- QC 27036

When you can claim a full or half exemption from the Medicare levy.

On this page

- Conditions for medical exemption from Medicare levy
- Family agreement for Medicare levy exemption

Conditions for medical exemption from Medicare levy

You may be able to claim a full or half Medicare levy exemption if you satisfy both of the following conditions:

- one of the following Category 1 medical conditions applied during all or part of the income year
    - you were a blind pensioner
    - you received sickness allowance from Centrelink (allowance ceased 20 September 2020)
    - you were entitled to full free medical treatment for all conditions under either
        - Defence Force arrangements
        - Veterans' Affairs Repatriation Health Card (Gold Card)

- during the period you met a condition above, you also met one of the conditions listed in the table below.

You claim this exemption when you lodge your income tax return. This is also known as an exemption under Category 1.

Conditions and their applied Medicare levy exemption

Condition	Exemption that applies
You had no dependants.	Full
Each of your dependants (including your spouse) either: • was in one of the exemption categories, or • had to pay the Medicare levy.	Full
You had dependent children who were not in an exemption category but who were also dependants of your spouse, and your spouse either: • had to pay the Medicare levy, or • met at least one of the medical conditions and you have completed a family agreement stating that your spouse will pay half of the levy for your joint dependants.	Full
You had at least one dependant (for example, a spouse) who: • was not in an exemption category, and • didn't have to pay the Medicare levy.	Half
You were single or separated and you: • had a dependent child who was not in a Medicare levy exemption category, and • were entitled to Family Tax Benefit Part A or the rental assistance component of Family Tax Benefit Part A for that child, and • were in a shared care arrangement.	• for the days that you had care of your dependent child – Half • for the days that you did not have care of your dependent child – Full
You had a spouse who met at least one of the medical conditions and you had a dependent child who: • was not in an exemption category, and • was dependent on both of you.	Either you or your spouse can claim a full exemption and the other can claim a half exemption by completing a family agreement.

Family agreement for Medicare levy exemption

A family agreement is a written agreement signed by you and your spouse. You complete a family agreement only if both you and your spouse would have to pay the Medicare levy were it not for your exemption category status.

You don't need to send this agreement to us unless requested. If you fail to keep the agreement, both of you may become liable for the Medicare levy.

The agreement must contain:

- the statement – 'We agree that the Medicare levy exemption in respect of our dependants for the 2021–22 year will be claimed as follows'
  - name of person claiming the full exemption
  - name of person claiming the half exemption
  - your signature
  - your spouse's signature.

The agreement must be signed on or before the date the person claiming the full exemption lodges their tax return, unless the Commissioner of Taxation allows further time.

For information on other Medicare levy exemptions, see Medicare levy exemption.

Foreign residents Medicare levy exemption

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy/Medicare-levy-exemption/Foreign-residents-Medicare-levy-exemption/
- Last modified: 01 Jul 2022
- QC 27037

If you were a foreign resident for tax purposes for:

- the full year, you can claim a full exemption from the Medicare levy
- only part of the year, you can still claim full exemption from the Medicare levy for that period if
  - you didn't have any dependants for that period
  - all your dependants were in a Medicare levy exemption category for that period.

You claim this exemption when you lodge your income tax return. This exemption is known as exemption category 2 on your tax return when you complete the Medicare levy section.

Not entitled to Medicare benefits

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy/Medicare-levy-exemption/Not-entitled-to-Medicare-benefits/
- Last modified: 27 Jun 2022
- QC 27038

If you were not entitled to Medicare benefits during the year, you may not have to pay the Medicare levy. This is also known as an exemption under category 3.

On this page

- Claiming an exemption
- Medicare Entitlement Statement
- Member of a diplomatic mission or consular post in Australia

Claiming an exemption

You can claim a full exemption for any period that you:

- have a Medicare Entitlement statement showing you were not entitled to Medicare benefits because you were a temporary resident for Medicare purposes, and
  - you did not have any dependants for that period, or
  - all your dependants (including your spouse) were also in a Medicare levy exemption category for that period

- are a member of a diplomatic mission or consular post in Australia and meet other conditions.

If you qualify for an exemption, you claim the exemption through your tax return.

Medicare Entitlement Statement

A Medicare Entitlement Statement (MES) from Services Australia shows the period in a year that you were not entitled to Medicare benefits.

Applying for a MES and lodging your tax return

- Apply for a Medicare Entitlement Statement. Even if you have received the exemption before, it doesn't mean you'll get it every year.
- Wait to receive your MES before lodging your tax return. It can take up to eight

weeks for your application to be processed and for you to receive your MES from Services Australia.
- Lodge your tax return once you have received your MES. We will work out if you are exempt from paying the Medicare levy when we assess your tax return. If you have an MES, it doesn't automatically mean you are exempt from the Medicare levy. All your dependants are also required to be in a Medicare levy exemption category.

This exemption is known as exemption category 3 on your tax return when you complete the Medicare levy section.

Example – Don't have to pay the Medicare levy

In 2021–22, Priya was on a Temporary Skill Shortage visa (subclass 482) and has no dependants. Priya wasn't entitled to Medicare benefits and wants to claim an exemption from paying the Medicare levy.

Priya needs a Medicare Entitlement Statement (MES) to show she wasn't entitled to Medicare benefits in 2021–22 before completing her 2021–22 tax return.

Priya applies to Services Australia for a MES. It takes up to six weeks to receive the MES from Services Australia.

Priya receives the MES stating she was not entitled to Medicare benefits for the full year, from 1 July 2021 to 30 June 2022. Priya keeps a copy of the MES for her records.

Priya can claim a full Medicare levy exemption for the full year as she has a MES for the period 1 July 2021 to 30 June 2022 and she doesn’t have any dependants.

If Priya completes her tax return using myTax, she enters ‘365’ as the number of days she qualified for the Full 2% levy exemption and answers ‘Yes’ to the question ‘Were you a temporary resident for Medicare purposes and have a Medicare entitlement statement from Services Australia?’

Example – Have to pay the Medicare levy

In 2021-22, Jed was on a Temporary Skill Shortage visa (subclass 482) and had a spouse for the full year. Jed wasn't entitled to Medicare benefits and wants to claim an exemption from paying the Medicare levy. Jed’s spouse is entitled to Medicare benefits.

Jed applied and received a Medicare Entitlement Statement (MES) showing he wasn't entitled to Medicare benefits for the full year, from 1 July 2021 to 30 June 2022.

Even though Jed has a MES and wasn't entitled to Medicare benefits, Jed can't claim the exemption because he has a spouse who is not in a Medicare levy exemption category.

Member of a diplomatic mission or consular post in Australia

You do not have to pay the Medicare levy if you 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:

- were not an Australian citizen, and
- do not ordinarily live in Australia, and
  - you did not have any dependants for that period, or
  - all your dependants (including your spouse) were in a Medicare levy exemption category for that period.

Dependants for Medicare levy exemption

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy/Medicare-levy-exemption/Dependants-for-Medicare-levy-exemption/
- Last modified: 01 Jul 2022
- QC 27039

For the Medicare levy exemption (but not for the Medicare levy reduction), dependant means an Australian resident for tax purposes you maintained who was:

- your spouse
- your child under 21 years old
- your child, 21 to 24 years old
  - receiving full-time education at a school, college or university, and
  - whose adjusted taxable income for the period was less than the total of $282 plus $28.92 for each week you maintained them.

Maintenance of a dependant

You maintained a dependant if any of the following applied:

- you both lived in the same house
- you gave them food, clothing and lodging
- you helped them to pay for their living, medical and educational costs.

If you had a spouse for the whole income year and your spouse worked at any time during the income year, we will still consider you to have maintained your spouse as a dependant for the whole income year.

If the two of you were temporarily separated, for example, because of holidays or overseas travel, we still consider you to have maintained a dependant.

A child is treated as an equal dependant of each parent (irrespective of the number of days the child was in each parent’s care) if:

- the parents of the child lived separately and apart for all, or part, of the income year, and
- the child was a dependant of each of them.

However, if a parent receives Family Tax Benefit Part A for the child, the child is a dependant of that parent for the number of days they were in their care.

Medicare levy reduction

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy/Medicare-levy-reduction/
- Last modified: 16 Jan 2023
- QC 71225

Find out if you are eligible for a Medicare levy reduction based on your income or family income.

Medicare levy reduction for low-income earners
Your Medicare levy is reduced if your taxable income is below a certain threshold, or you may not have to pay it at all.

Medicare levy reduction – family income
Find out if you are eligible for a Medicare levy reduction based on your family income.

Medicare levy reduction for low-income earners

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy/Medicare-levy-reduction/Medicare-levy-reduction-for-low-income-earners/
- Last modified: 29 Sep 2022
- QC 27031

The amount of Medicare levy you pay is reduced if your taxable income is below a certain threshold. In some cases, you may not have to pay the levy at all.

In 2021–22, you do not have to pay the Medicare levy if your taxable income is equal to or less than $23,365 ($36,925 for seniors and pensioners entitled to the seniors and pensioners tax offset (SAPTO)).

Your Medicare levy will be reduced if your taxable income is between $23,365 and $29,207 (between $36,925 and $46,157 for seniors and pensioners entitled to SAPTO). We work out the reduction for you when you lodge your tax return.

You may still qualify for a reduction based on your family taxable income.

If you do not qualify for a reduction in the Medicare levy, you may still qualify for a Medicare levy exemption.

You can use the Medicare levy calculator to work out your Medicare levy payable.

Medicare levy reduction – family income

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy/Medicare-levy-reduction/Medicare-levy-reduction---family-income/
- Last modified: 29 Sep 2022
- QC 27032

Find out if you are eligible for a Medicare levy reduction based on your family income.

On this page

- Eligibility for Medicare levy reduction – family taxable income
- Dependent children for Medicare levy reduction purposes
- Family threshold for reduction
- Calculate your family taxable income
- Sole care definition

Eligibility for Medicare levy reduction – family taxable income

You may qualify for a Medicare levy reduction based on your family taxable income if both:

- your taxable income was more than $29,206 ($46,156 for seniors and pensioners entitled to the seniors and pensioners tax offset (SAPTO)) in 2021–22
- you either
  - had a spouse (married or de facto)
  - had a spouse that died during the year, and you did not have another spouse before the end of the year
  - are entitled to an invalid and invalid carer tax offset in respect of your child
  - had sole care of one or more dependent children.

If you have a spouse, you may not get SAPTO even if you meet all the eligibility conditions. This is because the amount of the tax offset is based on your individual rebate income, not your combined rebate income. Even if you are eligible for SAPTO but do not get the offset, it doesn't entitle you to a Medicare levy reduction.

You can use the Medicare levy calculator to work out your Medicare levy payable.

Dependent children for Medicare levy reduction purposes

For Medicare levy reduction purposes, a dependent child is any child:

- you maintained who was an Australian resident, and
- whose adjusted taxable income was less than the amounts in the table below.

Dependent children – Adjusted taxable income (ATI) thresholds

Category of dependent child	ATI if not maintained for the whole year	ATI if maintained for the whole year
Any child under 21 years old you maintained who was not a full-time student	For the first child: $282 plus $28.92 for each week you maintained them For each additional child: $282 plus $21.70 for each week you maintained them	For the first child: $1,786 For each additional child: $1,410
Any full-time student aged under 25 years old at a school, college or university	$282 plus $28.92 for each week you maintained them	$1,786

Family threshold for reduction

For 2021–22, your Medicare levy is reduced if your family taxable income is equal to or more than $39,402 or equal to or less than $49,252 ($64,251 if you are entitled to the SAPTO) plus $4,523 for each dependent child you have.

Calculate your family taxable income

Family taxable income is either:

- the combined taxable income of you and your spouse (including a spouse who died during the year)
- your taxable income if you were a sole parent.

If you received a superannuation lump sum payment when you reached your preservation age and were under 60 years old, the amount of the taxed element (not including the amount of any death benefit) that does not exceed your low-rate cap for the year is not included in your taxable income for Medicare levy purposes.

Your low-rate cap is the cap amount that applies to that year less any superannuation lump sums you received in previous years.

Sole care definition

Sole care means you alone had full responsibility for the upbringing, welfare and maintenance of a child or student.

You aren't considered to have sole care if you are living with a spouse (married or de facto) unless there are special circumstances. For example, if a spouse is medically incapable of assisting you with the care.

Medicare levy surcharge

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy-surcharge/
- Last modified: 16 Jan 2023
- QC 27040

Find out when you have to pay the Medicare levy surcharge and the income thresholds and rates.

Paying the Medicare levy surcharge
Find out when you have to pay the Medicare levy surcharge (MLS) and how much you will pay.

Family and dependants for Medicare levy surcharge purposes

Find out who is considered family and dependants for the purposes of the Medicare levy surcharge.

Medicare levy surcharge income, thresholds and rates
Based on your income for MLS purposes, you can work out which income threshold and MLS rates apply to you.

Medicare levy surcharge and your tax return
Information to help you complete the Medicare levy surcharge section in your tax return.

Paying the Medicare levy surcharge

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy-surcharge/Paying-the-Medicare-levy-surcharge/
- Last modified: 16 Jan 2023
- QC 71227

Find out when you have to pay the Medicare levy surcharge (MLS) and how much you will pay.

On this page

When you pay the Medicare levy surcharge

If you have to pay the Medicare levy, you may have to pay the Medicare levy surcharge (MLS) if both:

- you, your spouse and your dependent children do not have an appropriate level of private patient hospital cover
- you earn above a certain income.

The MLS is an amount you pay on top of the Medicare levy.

If you've paid the MLS and you want to avoid paying it in the future, you can take out the appropriate level of private patient hospital cover for yourself, your spouse and all your dependants.

How much Medicare levy surcharge you will pay

The Medicare levy surcharge (MLS) rate of 1%, 1.25% or 1.5% is levied on:

- your taxable income

- total reportable fringe benefits, and
- any amount on which family trust distribution tax has been paid.

We use a special definition of income (called income for MLS purposes) to work out if you have to pay the MLS and the rate you will pay. This income is different from your taxable income.

You will not pay the MLS if your income is less than the base income threshold, which is:

- $90,000 for singles
- $180,000 (plus $1,500 for each dependent child after the first one) for families.

You can use the Income tax estimator to work out your MLS.

Medicare levy surcharge if you had a spouse

If you had a spouse for the full year, you do not have to pay the MLS if:

- your family income exceeds the $180,000 (plus $1,500 for each dependent child after the first one), but
- your own income for MLS purposes was $23,365 or less.

If you had a new spouse, or you separated from your spouse, during the year:

- you may be liable for MLS for the number of days you were single – if your own income for MLS purposes was more than the single surcharge threshold of $90,000
- you may be liable for MLS for the number of days you had a spouse or dependent children – if your own income for MLS purposes was more than the family surcharge threshold of $180,000 (plus $1,500 for each dependent child after the first one).

We will work out if you have to pay the MLS based on the information you provide in your tax return. We will include MLS with your Medicare levy. It will show as one amount on your notice of assessment, called Medicare levy and surcharge.

Change in circumstances during the year

If circumstances for yourself, your spouse or your dependent children change at any time during the year, you may become liable to pay the MLS.

Changes in circumstances may relate to your:

- income
- spouse
- dependants
- private health insurance.

If you travel overseas and cancel your private patient hospital cover during that time, you may be liable to pay the Medicare levy surcharge (MLS).

Appropriate level of private patient hospital cover

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy-surcharge/Paying-the-Medicare-levy-surcharge/Appropriate-level-of-private-patient-hospital-cover/
- Last modified: 16 Jan 2023
- QC 71224

If you don't have an appropriate level of private patient hospital you may have to pay the Medicare levy surcharge.

On this page

Private patient hospital cover

Private patient hospital cover is provided by registered health insurers for hospital treatment provided in an Australian hospital or day hospital. You must arrange and pay for your cover directly with the insurer.

For singles, an appropriate level of cover must have an excess of $750 or less. Couples or families must have an excess of $1,500 or less.

If your private health insurance policy doesn't provide an appropriate level of private patient hospital cover, and your income for MLS purposes is above a certain threshold, you may have to pay the Medicare levy surcharge (MLS).

General cover, commonly known as 'extras', is not private patient hospital cover. It covers items such as optical, dental, physiotherapy or chiropractic treatment.

Travel insurance is not private patient hospital cover for the purposes of the MLS. Similarly, private patient hospital cover does not include cover provided by an overseas fund.

Travelling overseas

If you cancel your private patient hospital cover while travelling overseas, you may be liable to pay the Medicare levy surcharge (MLS). You should contact your health fund to work out the amount of premium you expect to save by cancelling or suspending your private patient hospital cover. You can then compare that to the MLS you may have to pay.

For the purposes of MLS, travel insurance is not private patient hospital cover. Similarly, private patient hospital cover does not include cover provided by an overseas fund.

Family and dependants for Medicare levy surcharge purposes

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy-surcharge/Family-and-dependants-for-Medicare-levy-surcharge-purposes/
- Last modified: 01 Jul 2022
- QC 27044

For Medicare levy surcharge (MLS) purposes, you are a member of a family if, during any period of the year, you:

- had a spouse or a child who was an Australian resident (regardless of their income), and
- contributed to their maintenance.

For the meaning of 'maintenance of a dependant', see Dependants for Medicare levy exemption.

On this page

Spouse (married or de facto) for MLS purposes

Your spouse includes another person (of any sex) who either:

- you were in a relationship with that was registered under a prescribed state or territory law
- although not legally married to you, lived with you on a genuine domestic basis in a relationship as a couple.

An ex-spouse you pay maintenance or child support to is not your dependant.

Child for MLS purposes

Your child is only your dependant if they are:

- under 21 years old
- 21 to 24 years old and studying full-time at school, college or university.

Your child is still your dependant if you are paying child support even if they don't live with you.

Your child includes:

- your child, whether born in marriage or not
- your adopted child

- a newborn or newly adopted child
- a child of your spouse (your stepchild)
- someone who is your child within the meaning of the *Family Law Act 1975* (for example, a child who is considered to be a child of a person under a state or territory court order giving effect to a surrogacy agreement).

When you pay the MLS

You may have to pay the MLS if:

- any member of the family did not have an appropriate level of private patient hospital cover, and
- your income is above a certain amount.

Medicare levy surcharge income, thresholds and rates

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy-surcharge/Medicare-levy-surcharge-income,-thresholds-and-rates/
- Last modified: 16 Jan 2023
- QC 49961

Based on your income for MLS purposes, you can work out which income threshold and MLS rates apply to you.

On this page

Income for Medicare levy surcharge purposes

Income for Medicare levy surcharge (MLS) purposes is used to work out whether you have to pay the MLS and the rate you will pay.

If you have a spouse, we will use your combined income for MLS purposes.

Your income for MLS purposes is the sum of the following items for you (and your spouse, if you have one):

1. Taxable income

    - include the net amount on which family trust distribution tax has been paid
    - do not include any assessable first home super saver (FHSS) released amount for the income year under the FHSS scheme.
2. Reportable fringe benefits.

3. Total net investment losses – the sum of
    - net financial investment losses
    - net rental property losses.
4. Reportable super contributions – the sum of
    - reportable employer super contributions
    - deductible personal super contributions.
5. If you have a spouse, their share of the net income of a trust on which the trustee must pay tax (under section 98 of the *Income Tax Assessment Act 1936*) and which has not been included in their taxable income.

If you had exempt foreign employment income, add it to your taxable income if your taxable income is $1 or more.

If you meet both of the following conditions, you can reduce income for MLS purposes by any taxed element of the super lump sum, other than a death benefit, that does not exceed your (or your spouse's) low rate cap:

- you (or your spouse) are aged from your (or their) preservation age to under 60 years old
- you (or your spouse) received a super lump sum.

Income threshold and rates from 2014–15 to 2022–23

Once you determine your income for Medicare levy surcharge (MLS) purposes, you can use the MLS income threshold tables below to work out which MLS rate applies to you.

These income thresholds and MLS rates apply for income years from 2014–15 to 2022–23.

Use this information to work out which income threshold and MLS rate apply to you.

MLS income thresholds and rates from 2014–15 to 2022–23

Threshold	Base tier	Tier 1	Tier 2	Tier 3
Single threshold	$90,000 or less	$90,001 – $105,000	$105,001 – $140,000	$140,001 or more
Family threshold	$180,000 or less	$180,001 – $210,000	$210,001 – $280,000	$280,001 or more
Medicare levy surcharge	0%	1%	1.25%	1.5%

The family income threshold is increased by $1,500 for each MLS dependent child after the first child.

Example: Medicare levy surcharge for a single adult

In the 2021–22 income year, Tom doesn't have the appropriate level of private patient hospital cover and is:

- 35 years old
- single without any dependants.

Tom’s taxable income is $90,000. When Tom completes his tax return, he also completes the income test section and declares total reportable fringe benefits of $27,000.

Tom’s income for MLS purposes is $117,000 ($90,000 taxable income and $27,000 total reportable fringe benefits).

Therefore, Tom is a Tier 2 income earner and the Tier 2 MLS rate that applies to him is 1.25%.

The amount of MLS is calculated on his taxable income of $90,000 and total reportable fringe benefits of $27,000.

Tom’s MLS liability for 2021–22 is $1,462.50 ($117,000 × 1.25%).

See Family and dependants for Medicare levy surcharge purposes for more information about what is considered family and dependant for the MLS.

Income thresholds and rates for 2013–14

MLS income thresholds and rates 2013–14

Threshold	Base tier	Tier 1	Tier 2	Tier 3
Single thresholds	$88,000 or less	$88,001 – $102,000	$102,001 – $136,000	$136,001 or more
Family thresholds	$176,000 or less	$176,001 – $204,000	$204,001 – $272,000	$272,001 or more
Medicare levy surcharge	0%	1%	1.25%	1.5%

The family income threshold is increased by $1,500 for each MLS dependent child after the first child.

Income thresholds and rates for 2012–13

MLS income thresholds and rates 2012–13

Threshold	Base tier	Tier 1	Tier 2	Tier 3
Single thresholds	$84,000 or less	$84,001 – $97,000	$97,001 – $130,000	$130,001 or more
Family thresholds	$168,000 or less	$168,001 – $194,000	$194,001 – $260,000	$260,001 or more
Medicare levy surcharge	0%	1%	1.25%	1.5%

The family income threshold is increased by $1,500 for each MLS dependent child after the first child.

Income thresholds and rates for 2010–11 and 2011–12

MLS income thresholds and rates 2010–11 and 2011–12

Threshold	2010–11 Tier 1	2010–11 Tier 2	2011–12 Tier 1	2011–12 Tier 2
Single thresholds	$77,000 or less	$77,001 or more	$80,000 or less	$80,001 or more
Family thresholds	$154,000 or less	$154,001 or more	$160,000 or less	$160,001 or more
Medicare levy surcharge	0%	1%	0%	1%

The family income threshold is increased by $1,500 for each MLS dependent child after the first child.

Medicare levy surcharge and your tax return

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy-surcharge/Medicare-levy-surcharge-and-your-tax-

- return/
- Last modified: 16 Jan 2023
- QC 71226

Information to help you complete the Medicare levy surcharge section in your tax return.

The private health insurance statement you receive from your insurer includes information that relates to the Medicare levy surcharge (MLS).

It will include the number of days that your policy provided the appropriate level of private health hospital cover, as shown below.

Number of days this policy provides an appropriate level of private patient hospital cover	A	365

A Medicare levy surcharge may apply if you, your spouse and all your dependants did not maintain an appropriate level of private patient hospital cover for the full income year. Use the number of days listed at A to help you complete the Medicare levy surcharge question on your tax return.

We will work out if you have to pay the MLS based on the information you provide in your tax return. We will include MLS with your Medicare levy. It will show as one amount on your notice of assessment, called Medicare levy and surcharge.

You can find information about completing the Medicare levy surcharge section in your tax return in the following:

- Medicare levy surcharge (myTax instructions)
- M2 Medicare levy surcharge (MLS) (paper return instructions).

Private health insurance rebate

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Private-health-insurance-rebate/
- Last modified: 01 Jul 2022
- QC 49962

The private health insurance rebate is an amount the government contributes towards the cost of your private health insurance premiums.

The rebate is income tested which means your eligibility depends on your income for surcharge purposes. If you have a higher income, your rebate entitlement may be reduced, or you may not be entitled to any rebate at all.

The rebate percentage is adjusted on 1 April each year.

On this page

Claiming the private health insurance rebate

If you are eligible for the rebate, you can claim the rebate either:

- through your private health insurance provider – your private health insurance provider will apply the rebate to reduce your private health insurance premiums
- when you lodge your tax return – as a refundable tax offset.

The rebate can be claimed for premiums paid for a private health insurance policy that provides:

- private patient hospital cover
- general cover (commonly known as extras), or
- combined hospital and general cover.

The government does not give this rebate on the lifetime health cover loading component of a policy.

Private health insurance and the Medicare levy surcharge

You may be required to pay the Medicare levy surcharge (MLS) if:

- you, your spouse and dependent children don't have an appropriate level of private patient hospital cover, and
- your income for Medicare levy surcharge (MLS) purposes is above a certain threshold.

The rate of MLS depends on your income for MLS purposes. This applies unless you (and your dependents, if you have them) are exempt from paying the Medicare levy.

Appropriate level of private patient hospital cover

Private patient hospital cover is provided by registered health insurers for hospital treatment provided in an Australian hospital or day hospital. You must arrange and pay for your cover directly with the insurer.

For singles, an appropriate level of cover must have an excess of $750 or less. Couples or families must have an excess of $1,500 or less.

If your private health insurance policy doesn't provide an appropriate level of private patient hospital cover, and your income for MLS purposes is above a certain threshold, you may have to pay the MLS.

General cover, commonly known as 'extras', is not private patient hospital cover. It covers items such as optical, dental, physiotherapy or chiropractic treatment.

Travel insurance is not private patient hospital cover for the purposes of the MLS. Similarly, private patient hospital cover does not include cover provided by an overseas fund.

If you prepaid your private health insurance

If your private health insurance premiums for the current year were paid in a previous financial year (that is, prepaid), you can't claim a rebate for that in the current financial year. You claim your rebate in the financial year in which the premiums are paid, not in the financial year for which it is paid. For example, if your 2021–22 premiums were paid in 2020–21, claim your rebate in your 2020–21 tax return, not in your 2021–22 tax return.

However, you still need to enter the private health insurance statement details in your current year's tax return. This will confirm you had an appropriate level of private patient hospital cover during this time and ensure we don't charge the Medicare levy surcharge.

Lifetime health cover
Find out what Lifetime health cover (LHC) is and check if you have to pay a LHC loading

Private health insurance rebate eligibility
Find out if you are eligible for the private health insurance rebate and how you can claim the rebate

Your private health insurance statement
Find out about the information that is provided in your private health insurance statement

Income thresholds and rates for the private health insurance rebate
Check the income thresholds for the private health insurance rebate

If you have an overseas health insurer
Find out about completing the private health insurance policy details on your tax return if you are an overseas visitor

Registered health insurers
A list of registered health insurers

Lifetime health cover

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Private-health-insurance-rebate/Lifetime-health-cover/

- Last modified: 01 Jul 2022
- QC 49963

Lifetime health cover (LHC) is a government initiative that encourages you to purchase and maintain private patient hospital cover earlier in life.

On this page

Lifetime health cover loading

If you have not taken out and maintained private patient hospital cover from the year you turn 31, you will pay a 2% LHC loading on top of your premium for every year you are aged over 30, if you decide to take out hospital cover later in life. For example, if you take out private patient hospital cover when you are 40 years old, you could pay an extra 20% on the cost of this cover per year for 10 years. If you wait until you are 50 years old, you could pay 40% more per year for 10 years. The maximum LHC loading that can be applied is 70%. Once you have paid LHC loading for 10 years of continuous cover, you will no longer have to pay this loading.

If you cancel your private patient hospital cover after paying for the LHC loading for 10 continuous years, you may become liable to pay the LHC loading again if you take out another private patient hospital cover later.

When you don't have to pay the LHC loading

You don't have to pay the LHC loading if any of the following apply to you:

- you are aged under 31 years old
- you hold an appropriate level of private patient hospital cover before you reach your LHC 'base day'. For many people, LHC base day is 1 July following their 31st birthday, but this can change depending on personal circumstances such as if you are overseas on this day
- you are a new migrant to Australia, and are aged 31 or over, and you had hospital cover within 12 months of being registered for full Medicare benefits
- you were born on or before 1 July 1934.

LHC loadings apply only to private patient hospital cover – they don't apply to general treatment cover (also known as ancillary or extras cover).

LHC and the private health insurance rebate

The government does not pay the private health insurance rebate on LHC loading component of a policy.

Example: No private health insurance rebate on LHC loading

On 1 July 2021, Rebecca pays a premium of $220 for two months of her private patient hospital cover. Due to Rebecca's circumstances, her premium includes LHC loading of 10%. The premium eligible for the private health insurance rebate is $200 only, because the LHC loading of $20 does not qualify for this rebate.

Rebecca's income is $59,000 and she is eligible for the 24.608% rebate. She receives a rebate of $49, which is 24.608% of the $200 premium eligible for the rebate. Rebecca does not receive any rebate on the LHC loading of $20.

Related pages

Lifetime health cover
Information about Lifetime health cover on privatehealth.gov.au

Lifetime health cover calculator
Calculate your Lifetime health cover

Private health insurance rebate eligibility

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Private-health-insurance-rebate/Private-health-insurance-rebate-eligibility/
- Last modified: 01 Jul 2022
- QC 49964

To claim the private health insurance rebate, regardless of your residency status in Australia, you must:

- have a Complying health insurance policy with an Australian-registered health insurer
- be eligible for Medicare
- be a Private health insurance incentive beneficiary
- have an income for surcharge purposes that is less than the Tier 3 income threshold.

On this page

- Complying health insurance policy
- Private health insurance incentive beneficiary
- Income for surcharge purposes – less than Tier 3
- If someone else pays your premiums
- Annual rebate adjustment

- When a premium is paid
- Claiming your rebate
- Claiming the rebate for your spouse
- Travelling overseas

Complying health insurance policy

Your health insurance policy is complying if it:

- is provided by a registered health insurer
- provides hospital cover or combined hospital and general (also known as 'extras') cover
- meets other complying private health insurance policy requirements.

If you are unsure, your private health insurer can tell you whether your policy meets these conditions.

If your private health insurance provider is an overseas provider that is not registered in Australia, you will not be eligible for any rebate on your policy.

Private health insurance incentive beneficiary

All adults who are covered by a private health insurance policy are known as private health insurance incentive beneficiaries.

If a policy only covers a dependent child (or children), then the parents of that child (or children) will be private health insurance incentive beneficiaries.

If the policy only covers a dependent child (or children) and the parents are not married (or de facto) at the end of the financial year, the payer of the premiums will be the only private health insurance incentive beneficiary, as long as the payer is not a dependent child.

Income for surcharge purposes – less than Tier 3

Income for surcharge purposes is used to test your eligibility for the private health insurance rebate. It is not the same as your taxable income.

To be eligible for the private health insurance rebate, your income for surcharge purposes must be less than the Tier 3 income threshold. Tier 3 is the highest income threshold for both singles and families.

Income for surcharge purposes includes:

- your taxable income (including the net amount on which family trust distribution tax has been paid, and excluding any assessable First home super saver released amount)
- your reportable fringe benefits (as reported on your income statement or payment summary)
- your total net investment losses (is the sum of your net financial investment losses and net rental property losses)

- your reportable super contributions (the sum of your reportable employer superannuation contributions and your deductible personal superannuation contributions).

If you were aged from your preservation age to under 60 years old, you subtract from the total (above) any taxed element of a super lump sum (other than a death benefit) which you received that does not exceed your low-rate cap.

Your family income for surcharge purposes is the total of your and your spouse's income, using the criteria above.

If someone else pays your premiums

Regardless of who pays the premiums for your private health insurance policy, each adult covered by the policy is income tested to determine their entitlement to a rebate. If you share the policy, you will be income tested on your share. Allocating shares to each adult covered by the policy ensures that any available rebate is distributed evenly.

If your employer pays for your private health insurance, you are generally entitled to the rebate as a reduced premium, and your employer will pay any outstanding premium.

Example: employer pays premiums

You may have a salary sacrifice arrangement under which your employer pays for your private health insurance. Even though your employer pays your premiums, you will be income tested to determine your entitlement to a private health insurance rebate. If you claim an incorrect rebate (that is, premium reduction), it will be corrected through your tax return.

Annual rebate adjustment

All private health insurance rebate percentages are adjusted annually on 1 April by a 'rebate adjustment factor'.

The rebate adjustment factor is a percentage of the increase in the consumer price index (CPI) and the average annual premium price increase. It is calculated by the Department of Health.

The adjusted rebate percentages are applied to premiums paid on or after 1 April. This means your rebate percentage for premiums paid (excluding lifetime health cover loading) before 1 April will be different to your rebate percentage on or after 1 April, if the rebate adjustment factor is not equal to one.

The rebate percentage between 1 July and 31 March (Period 1) is multiplied by the rebate adjustment factor to get the rebate percentage for the period 1 April – 30 June (Period 2). As a result, your rebate percentage for Period 2 may be less than or equal to Period 1.

You don’t need to do anything as a result of a change in rebate percentages. If you claim your rebate as a premium reduction, your health insurer will adjust your rebate percentage and the rebate amount. If you claim your rebate as a tax offset in your income tax return, we will apply the adjusted rebate percentages to determine your correct private health insurance tax offset.

You don’t need to contact your health insurer to change your rebate percentage from 1 April. However, you can choose to contact your insurer, for example, to nominate a new rebate amount if you think your income will result in you being entitled to a different rebate when you lodge your tax return.

When a premium is paid

The timing of when you pay your private health insurance premiums is important when working out your rebate.

Payment of your premium occurs when your private health insurer receives the amount you paid. This is the time your insurer actually receives the amount, not:

- the date you made the payment to the insurer
- when the insurer allocates the amount to your account.

If you pay by:

- cash – your premium is paid when your private health insurer receives the cash
- electronic transfer of funds – your premium is paid when the funds are credited to your private health insurer’s account
- money order or bank cheque – your premium is paid when your private health insurer receives the money order or cheque (unless the money order or cheque is dishonoured).

You may pay your insurer either directly, through a legal agent or through your employer. If you make a payment to your health insurer's legal agent, the payment of the premium occurs when the agent receives your premium payment. For example, if your insurer has an agreement for Australia Post to receive payments on their behalf.

If you have an arrangement with your employer to pay the premium, the premium payment occurs when your private health insurer receives the amount your employer paid.

If your employer withholds an amount for a private health insurance premium, the amount is paid to your insurer when the insurer receives the payment from your employer. This may be a different date to when your employer withholds the amount from you.

If your private health insurance premiums for the current year were paid in a previous financial year (that is, prepaid), you can't claim a rebate for that in the current financial year. You claim your rebate in the financial year the premiums are paid, not in the financial year for which it is paid. For example, if your 2021–22 premiums were paid in 2020–21, claim the rebate in your 2020–21 tax return, not in your 2021–22 tax return.

How much of your premiums are your share

Your share of the premium is based on your circumstances listed below:

- If you are the only adult on the policy
- If there are other adults on the policy
- Dependent child covered in a family policy
- Dependent child-only policies

If you are the only adult on the policy

If you are the only adult covered by your private health insurance policy, your share of the policy for rebate purposes is the total cost of the policy excluding any lifetime health cover loading.

If there are other adults on the policy

If your policy covers more than one adult, you divide the premiums paid into equal shares regardless of:

- who paid the premium
- whether the adults on the policy are a part of a couple.

Each adult's share of the policy is equal to the total cost of the policy divided by the number of adults covered by the policy at the time of payment.

Dependent child covered in a family policy

Anyone covered as a dependent child on a private health insurance policy is not considered to have a share of the cost of the policy. The adults covered in the family policy will have equal shares of the premium.

Dependent child-only policies

If you pay for a policy that only covers a dependent child (or children), the child is not eligible for the private health insurance rebate.

If the child's parents are:

- together, then one of the parents may claim the rebate – this applies regardless of which parent paid for the policy
- no longer together, then the payer of the policy must claim the rebate – the payer of the policy does not need to be a parent of the child.

Claiming your rebate

If you meet the eligibility requirements for a private health insurance rebate, you can claim your rebate as either:

- a premium reduction which lowers the policy price charged by your insurer
- a refundable tax offset when you lodge your tax return.

You must lodge a tax return if you think you are eligible to claim the private health insurance rebate and you have not claimed any or all of the rebate from your insurer as a premium reduction.

Example: Claiming the private health insurance rebate

Peter is single with no dependants, 45 years old, and earned $100,000 in 2021–22. He has a private health insurance policy that costs him $2,000 per year. Peter's income level entitles him to a 16.405% rebate on premiums paid before and after 1 April 2022 as the government did not change the rebate percentage on 1 April 2022. He makes payments monthly in 2021–22.

In claiming his rebate, Peter can choose to either:

- receive 16.405% of premium reduction from his health insurer for premiums paid in the respective months, or
- claim the rebate as a refundable tax offset in his tax return – we will then calculate his rebate entitlement based on his income for surcharge purposes.

When you lodge your tax return, we will test your income against the income thresholds to determine the percentage of rebate you are entitled to receive. If there was more than one adult on your private health insurance policy when the premiums were paid, you will be tested on your share of the policy.

Depending on how you claimed the rebate, and the percentage you claimed, this may result in a tax liability and/or a tax offset.

See Working out your tax claim codes to help you work out which code to use on your tax return. The tax claim code is important because it can affect the amount of private health insurance rebate you are entitled to receive.

If you claimed too much rebate

If you claim too much private health insurance rebate as a premium reduction, we recover the amount as a tax liability. This liability will be listed on your notice of assessment as an Excess private health insurance refund or reduction (rebate reduced).

Example: Claiming too much rebate

Toby is single and 67 years old in 2021–22. He has a complying health insurance policy. Toby's yearly premium is $2,030. He paid premiums monthly and did not pay any lifetime health cover loading.

On 1 July 2021, Toby nominated to receive 28.710% private health insurance rebate as a premium reduction to the cost of his policy. The government did not change the rebate percentage on 1 April 2022. As a result, the health insurer continued to provide Toby with a premium reduction of 28.710% for premiums paid from 1 April 2022 to 30 June 2022.

Toby paid premiums monthly, which adds up as follows:

- $1,069 between 1 July 2021 and 31 March 2022 after premium reductions of $431
- $378 between 1 April 2022 and 30 June 2022 after premium reductions of $152.

When Toby lodges his 2022 tax return, his income for surcharge purposes is calculated as $95,000. This puts him in the Tier 1 income threshold.

The rebate under Tier 1 for a person who is 67 years old is:

- 20.507% of premiums paid between 1 July 2021 and 30 June 2022

As Toby received more rebate than what he was entitled to, he incurred a $166.71 liability. This is listed on his notice of assessment as an Excess private health insurance refund or reduction (rebate reduced).

If you haven't claimed the full rebate

If you have not received your full private health insurance rebate entitlement, we calculate the rebate amount you are entitled to, which becomes payable to you as a refundable tax offset when we assess your tax return. The tax offset is added together with any other tax offsets that you receive and will appear as a credit on your notice of assessment.

Example: Not claiming the full rebate

Donna is 35 years old, single, and has a complying health insurance policy worth $1,500. She expects to receive a promotion, with expected income of $106,000 in 2021–22.

To avoid a potential liability, Donna contacts her health insurer and nominates to receive a Tier 2 private health insurance rebate as a premium reduction on 1 July 2021. Donna pays her full year's (2021–22) health insurance on 1 July 2021, after reducing it by a rebate of 8.202%. That is, she pays $1,377 after a premium reduction (the rebate) of $123 on 1 July 2021.

Donna does not end up getting her promotion, and when she lodges her 2022 tax return, her income for surcharge purposes is calculated as

$85,000. Donna's income is below the base tier threshold (not Tier 2), therefore, she is eligible for a 24.608% (not 8.202%) private health insurance rebate. This means Donna is entitled to a total rebate of $369.12 (not $123) for her policy.

Because Donna only received a $123 premium reduction from her insurer on 1 July 2021, she receives an additional $246.12 as a refundable tax offset when she lodges her 2022 tax return. This offset is listed on her notice of assessment.

Claiming the rebate for your spouse

You can choose to claim your spouse's rebate entitlement (as well as your own) if you satisfy all of the following three conditions:

- You must have a spouse on the last day of the income year (this includes if your spouse died during 2021–22).
- You and your spouse must be covered by the same complying health insurance policy for the same period of time.
- You and your spouse must agree to this before you complete and lodge your tax return.

If you claim the rebate for your spouse, your spouse can't claim a rebate in their income tax return as well.

If your spouse has no other reason to lodge a tax return, other than to claim their rebate entitlement, you can choose to claim your spouse's rebate in your tax return. This means your spouse does not have to lodge. However, you must still satisfy the three conditions above.

Even if you and your spouse lodge your tax returns at separate times, you can still choose to claim the rebate for your spouse.

If you are choosing to claim your spouse's share of the rebate on your tax return, you will be required to pay back any of the rebate which your spouse may already have over claimed in form of premium reductions.

Your spouse must lodge their own tax return if they have:

- under claimed or overclaimed the private health insurance rebate, and
- have not agreed to allow you to claim their rebate or pay any of their private health insurance liability.

If your spouse does not lodge their tax return by the end of the lodgment year, any private health insurance liability owned by your spouse will be reduced to nil, and it will automatically become your liability.

If you separated from your spouse during the year, you can only claim for your share of the policy – your ex-spouse will have to claim their share, even if you paid all of the premiums.

Travelling overseas

If you cancel your private patient hospital cover while travelling overseas, you may be liable to pay the [Medicare levy surcharge](#) (MLS). You should contact your health fund to work out the amount of premium you expect to save by cancelling or suspending your private patient hospital cover. You can then compare that to the MLS you may have to pay.

For the purposes of MLS, travel insurance is not private patient hospital cover. Similarly, private patient hospital cover does not include cover provided by an overseas fund.

Your private health insurance statement

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Private-health-insurance-rebate/Your-private-health-insurance-statement/
- Last modified: 01 Jul 2022
- QC 49966

Your private health insurance statement gives you information about your private health insurance premiums and private patient hospital cover.

On this page

How you receive your statement

It is optional for health insurers to provide you with a private health insurance statement. A statement may only be provided if you request one from your registered health insurer.

If you lodge your tax return through myTax or use a registered tax agent, your health insurance details should be pre-filled. If your health insurance details are not pre-filled or you lodge a paper tax return, contact your health insurer to get a private health insurance statement so that you can complete your tax return. The statement will also help you complete the Medicare levy surcharge (MLS) related items on your tax return.

If you are an adult covered by a private health insurance policy when the premiums were paid, you will be income tested on your share of the policy, regardless of:

- who paid the premiums
- how many other people are covered on your policy.

If you share your policy with another adult, you can each ask for your own statement showing equal shares of the premium.

Understanding the details on your statement

The following information explains what each label on your private health insurance statement means:

- [Health insurer ID]
- [Membership number]
- [Your premiums eligible for Australian Government rebate]
- [Your Australian Government rebate received]
- [Benefit code]
- [Other adult beneficiaries for the policy]
- [Number of days this policy provides an appropriate level of private patient hospital cover]

Health insurer ID

This unique code helps us to identify your private health insurer.

Membership number

This is the number that your fund gave you for your policy.

Your premiums eligible for Australian Government rebate

This is your share (in dollars) of the premiums that have been paid for your policy. Note that:

- it doesn't include any Lifetime health cover loading
- it doesn't matter if you didn't pay for the policy. If you are an adult covered by the policy when the payments were made, you are entitled to receive a share of the rebate based on your share in the policy
- your share will be the amount paid for the policy divided by the number of adults on the policy – for example, if the total payments for a premium are $2,000 and two adults are covered by the policy, then your share of premiums eligible for the rebate will be $1,000.

Your Australian Government rebate received

This is your share (in dollars) of the private health insurance rebate that you have received by reduced premiums from your insurer. Your share will be the amount of reduced premiums received on your policy divided by the number of adults on the policy.

Benefit code

We use the benefit code to apply the right level of rebate. The level of your rebate is calculated on the age of the oldest person covered by the policy.

The valid benefit codes are 30, 31, 35, 36, 40 and 41.

If the oldest person's age is:

- under 65, the code for the period
  - 1 July to 31 March is 30
  - 1 April to 30 June is 31

- 65 to 69, the code for the period
  - 1 July to 31 March is 35
  - 1 April to 30 June is 36

- 70 or over, the code for the period
  - 1 July to 31 March is 40
  - 1 April to 30 June is 41.

Other adult beneficiaries for the policy

If your policy covered more than one adult at the time the payments were made, then the other beneficiaries will be listed here.

Note that:

- if you and your spouse were on the policy for the same period of time and payments, your spouse's name would be listed to indicate they shared the overall costs of the private health insurance policy
- if you were on a single policy for the whole year, there will be no other adult beneficiaries on the policy.

Number of days this policy provides an appropriate level of private patient hospital cover

This is the number of days your policy provided you with an appropriate level of private hospital insurance cover. The Medicare levy surcharge may apply if you and your dependants did not have an appropriate level of this cover for the full year.

Why there are two rows of information on your statement

There are two rows of information on your private health insurance statement because, on 1 April each year, generally your rebate percentage is adjusted by a rebate adjustment factor.

One row of information on your statement will be for the premiums paid and rebate received before 1 April. The other row will be for premiums paid and rebate received from 1 April. Each row will have a different Benefit code.

There may also be two or more rows because the oldest person covered by the policy turned 65 or 70 during the year. If this occurs, all adults covered by the policy are entitled to a higher rebate percentage (provided their income for surcharge purposes has not reached the Tier 3 threshold). As with the annual adjustment of the rebate percentage on 1 April, each row will have a different benefit code.

Note: Make sure you enter all lines of information into your income tax return separately, without performing any calculations.

Example statement

Below is a sample private health insurance statement for 2021–22. You should receive something similar, by mail, email, or online link, from your private health insurer if you requested a copy.

Example: Private health insurance statement

Private health insurance statement, 1 July 2021 to 30 June 2022 – Stephen Smith

Private health insurance statement, 1 July 2021 to 30 June 2022 – Stephen Smith

Private health insurance statement, 1 July 2021 to 30 June 2022 – Stephen Smith

Health insurer ID	Membership number	Your premiums eligible for Australian Government rebate	Your Australian Government rebate received	Benefit code	Other adult beneficiaries for the policy
B ABC	C 123456	J 1,125	K 375	L 30	Mary Smith
B ABC	C 123456	J 377	K 123	L 31	Mary Smith

In situations where you have more than one line of information in the table above, you make sure each line is input separately into your income tax return. Do not add up amounts reported in any column or row to input its total.

As shown below, the private health insurance statement will also include the number of days that your policy provided the appropriate level of private patient hospital cover.

M2	Medicare Levy Surcharge	
Number of days this policy provides an appropriate level of private patient hospital cover	A	365

If you and all your dependants (including your spouse) did not have an appropriate level of private patient hospital cover for the full financial year (365 days), you may be liable for Medicare Levy Surcharge – see 2022 Individual tax return instructions question M2.

Income thresholds and rates for the private health insurance rebate

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Private-health-insurance-rebate/Income-thresholds-and-rates-for-the-private-health-insurance-rebate/
- Last modified: 01 Apr 2022
- QC 49965

The private health insurance rebate is income tested. This means that if your income is higher than the relevant income threshold, you may not be eligible to receive a rebate.

On this page

Income thresholds

The private health insurance rebate is income tested. This means that if your income is higher than the relevant income threshold, you may not be eligible to receive a rebate. Your rebate entitlement depends on your family status on 30 June. Different thresholds apply depending on whether you have a single income or a family income.

When you lodge your tax return, we calculate your income for surcharge purposes and determine your rebate entitlement.

Your entitlement is also based on the age of the oldest person covered by the policy.

The income thresholds used to calculate the Medicare levy surcharge and private health insurance rebate will remain unchanged for eight years from 2015–16 to 2022–23. The thresholds remain at the 2014–15 levels during this period.

Not adjusting the income thresholds for eight years may result in individuals with incomes just below each threshold moving into a higher income threshold sooner if their income increases. This means if you:

- have private health insurance, your private health insurance rebate percentage entitlement may decrease
- don't have the appropriate level of private patient hospital cover, you may have to pay a Medicare levy surcharge
- paid a Medicare levy surcharge in the previous year, your Medicare levy surcharge rate may increase.

To calculate your private health insurance rebate, see Private health insurance rebate calculator.

In this section

- Single income thresholds
- Family income thresholds
- 2014–15 to 2022–23 income thresholds
- 2013–14 income thresholds
- 2012–13 income thresholds
- 2010–11 to 2011–12 income thresholds
- Rebate rates

Single income thresholds

If you are single on the last day of the income year and have no dependants, you are income tested against the single income thresholds.

This applies even if you had a spouse for the majority of the year, as long as you were single on the last day (30 June) of the income year.

If you separated from your spouse during the financial year and remain single with no dependants as at 30 June, your rebate entitlement is calculated only on your own income.

Your entitlement to a private health insurance rebate is based on your income for surcharge purposes.

If you were single on 30 June, but had dependent children, you are considered a family and will be income tested using the family income thresholds.

Family income thresholds

If you had a spouse on the last day of the income year (30 June), your income will be tested against the family income thresholds. Your entitlement to a private health insurance rebate is assessed on your and your spouse's combined income for surcharge purposes.

The family income thresholds also apply if:

- you are a single parent with one or more dependants

- you don't have a spouse on the last day of the income year and you either maintain a dependent child or children or contribute in a substantial way to the maintenance of a dependent child.

If your spouse died in the income year and you were single on 30 June with no dependants, use your and your spouse's income for surcharge purposes to determine your entitlement under the family income thresholds.

If you have two or more children, the family income threshold is increased by $1,500 for every Medicare levy surcharge dependent child after the first child. For example, if you have three dependent children, your family income threshold increases by $3,000.

Note: None of your dependent children's income is included when calculating family income. Medicare levy surcharge dependent child is different to dependent persons who may be covered by your private health insurance policy. See Dependent persons covered by a policy.

Family status on 30 June

Your family status on the last day of the income year (30 June) determines whether the single or family income thresholds apply to you. The table below provides a quick guide to when single or family thresholds apply.

Guide to when single or family thresholds apply

Your status on 30 June	Single thresholds	Family thresholds	Whose income for the full year is included in income test?
You were single	Yes	No	Yours
You had a spouse	No	Yes (see Note)	Yours and your spouse’s
You were a single parent	No	Yes (see Note)	Yours
You separated from your spouse during the year and were single with no dependent children	Yes	No	Yours
You separated from your spouse during the year and were single with dependent children	No	Yes (see Note)	Yours

You were single for part of the year and then had a spouse and no dependent children	No	Yes	Yours and your spouse's
You were single for part of the year and then had a spouse and dependent children	No	Yes (see Note)	Yours and your spouse's
Your spouse died during the year and you were single and had no dependent children	No	Yes	Yours and your spouse's
Your spouse died during the year and you were single and had dependent children	No	Yes (see Note)	Yours and your spouse's

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

2014–15 to 2022–23 Income thresholds

2014–15 to 2022–23 Income thresholds

Family status	Base tier	Tier 1	Tier 2	Tier 3
Single	$90,000 or less	$90,001 – $105,000	$105,001 – $140,000	$140,001 or more
Family	$180,000 or less	$180,001 – $210,000	$210,001 – $280,000	$280,001 or more

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

2013–14 Income threshold

2013–14 Income thresholds

Family status	Base tier	Tier 1	Tier 2	Tier 3
Single	$88,000 or less	$88,001 – $102,000	$102,001 – $136,000	$136,001 or more
Family	$176,000 or	$176,001 –	$204,001 –	$272,001 or

	less	$204,000	$272,000	more

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

2012–13 Income threshold

2012–13 Income thresholds

Family status	Base tier	Tier 1	Tier 2	Tier 3
Single	$84,000 or less	$84,001 – $97,000	$97,001 – $130,000	$130,001 or more
Family	$168,000 or less	$168,001 – $194,000	$194,001 – $260,000	$260,001 or more

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

2010–11 and 2011–12 Income threshold

In the 2010–11 and 2011–12 income years, we did not apply an income test for eligibility.

Rebate rates

Your rebate rate is the percent that you get back from your health insurance premiums in the form of a reduction of the premium or as a refundable tax offset. Your rebate entitlement depends on your family status at the end of the income year (30 June). Different thresholds apply depending on whether you have a single income or a family income.

2021-22

If the oldest person is under 65 years old

Rebate if the oldest person covered on your policy is under 65 years old in 2021–22

Income for surcharge purposes	Rebate for 1 July 2021 – 31 March 2022	Rebate for 1 April 2022 – 30 June 2022 (Note 1)
$90,000 or less for a single person	24.608%	24.608%
$90,001 – $105,000	16.405%	16.405%

for a single person		
$105,001 – $140,000 for a single person	8.202%	8.202%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	24.608%	24.608%
$180,001 – $210,000 for a family	16.405%	16.405%
$210,001 – $280,000 for a family	8.202%	8.202%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

Note 1: The government did not change the rebate percentage on 1 April 2022.

If the oldest person is 65 to 69 years old

Rebate if the oldest person covered on your policy is 65 to 69 years old in 2021–22

Income for surcharge purposes	Rebate for 1 July 2021 – 31 March 2022	Rebate for 1 April 2022 – 30 June 2022 (Note 2)
$90,000 or less for a single person	28.710%	28.710%
$90,001 – $105,000 for a single person	20.507%	20.507%
$105,001 – $140,000 for a single person	12.303%	12.303%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	28.710%	28.710%
$180,001 – $210,000	20.507%	20.507%

for a family		
$210,001 – $280,000 for a family	12.303%	12.303%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

Note 2: The government did not change the rebate percentage on 1 April 2022.

If the oldest person is 70 years old or older

Rebate if the oldest person covered on your policy is 70 years old or older in 2021–22

Income for surcharge purposes	Rebate for 1 July 2021 – 31 March 2022	Rebate for 1 April 2022 – 30 June 2022 (Note 3)
$90,000 or less for a single person	32.812%	32.812%
$90,001 – $105,000 for a single person	24.608%	24.608%
$105,001 – $140,000 for a single person	16.405%	16.405%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	32.812%	32.812%
$180,001 – $210,000 for a family	24.608%	24.608%
$210,001 – $280,000 for a family	16.405%	16.405%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

Note 3: The government did not change the rebate percentage on 1 April 2022.

2020–21

If the oldest person is under 65 years old

Rebate if the oldest person covered on your policy is under 65 years old in 2020–21

Income for surcharge purposes	Rebate for 1 July 2020 – 31 March 2021	Rebate for 1 April 2021 – 30 June 2021
$90,000 or less for a single person	25.059%	24.608%
$90,001 – $105,000 for a single person	16.706%	16.405%
$105,001 – $140,000 for a single person	8.352%	8.202%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	25.059%	24.608%
$180,001 – $210,000 for a family	16.706%	16.405%
$210,001 – $280,000 for a family	8.352%	8.202%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

If the oldest person is 65 to 69 years old

Rebate if the oldest person covered on your policy is 65 to 69 years old in 2020–21

Income for surcharge purposes	Rebate for 1 July 2020 – 31 March 2021	Rebate for 1 April 2021 – 30 June 2021
$90,000 or less for a single person	29.236%	28.710%

$90,001 – $105,000 for a single person	20.883%	20.507%
$105,001 – $140,000 for a single person	12.529%	12.303%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	29.236%	28.710%
$180,001 – $210,000 for a family	20.883%	20.507%
$210,001 – $280,000 for a family	12.529%	12.303%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

If the oldest person is 70 years old or older

Rebate if the oldest person covered on your policy is 70 years old or older in 2020–21

Income for surcharge purposes	Rebate for 1 July 2020 – 31 March 2021	Rebate for 1 April 2021 – 30 June 2021
$90,000 or less for a single person	33.413%	32.812%
$90,001 – $105,000 for a single person	25.059%	24.608%
$105,001 – $140,000 for a single person	16.706%	16.405%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	33.413%	32.812%
$180,001 – $210,000 for	25.059%	24.608%

a family		
$210,001 – $280,000 for a family	16.706%	16.405%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

2019–20

If the oldest person is under 65 years old

Rebate if the oldest person covered on your policy is under 65 years old in 2019–20

Income for surcharge purposes	Rebate for 1 July 2019 – 31 March 2020	Rebate for 1 April 2020 – 30 June 2020 (Note 4)
$90,000 or less for a single person	25.059%	25.059%
$90,001 – $105,000 for a single person	16.706%	16.706%
$105,001 – $140,000 for a single person	8.352%	8.352%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	25.059%	25.059%
$180,001 – $210,000 for a family	16.706%	16.706%
$210,001 – $280,000 for a family	8.352%	8.352%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

Note 4: The government did not change the rebate percentage on 1 April 2020.

If the oldest person is 65 to 69 years old

Rebate if the oldest person covered on your policy is 65 to 69 years old in 2019–20

Income for surcharge purposes	Rebate for 1 July 2019 – 31 March 2020	Rebate for 1 April 2020 – 30 June 2020 (Note 5)
$90,000 or less for a single person	29.236%	29.236%
$90,001 – $105,000 for a single person	20.883%	20.883%
$105,001 – $140,000 for a single person	12.529%	12.529%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	29.236%	29.236%
$180,001 – $210,000 for a family	20.883%	20.883%
$210,001 – $280,000 for a family	12.529%	12.529%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

Note 5: The government did not change the rebate percentage on 1 April 2020.

If the oldest person is 70 years old or older

Rebate if the oldest person covered on your policy is 70 years old or older in 2019–20

Income for surcharge purposes	Rebate for 1 July 2019 – 31 March 2020	Rebate for 1 April 2020 – 30 June 2020 (Note 6)
$90,000 or less for a single person	33.413%	33.413%

$90,001 – $105,000 for a single person	25.059%	25.059%
$105,001 – $140,000 for a single person	16.706%	16.706%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	33.413%	33.413%
$180,001 – $210,000 for a family	25.059%	25.059%
$210,001 – $280,000 for a family	16.706%	16.706%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

Note 6: The government did not change the rebate percentage on 1 April 2020.

2018–19

If the oldest person is under 65 years old

Rebate if the oldest person covered on your policy is under 65 years old in 2018–19

Income for surcharge purposes	Rebate for 1 July 2018 – 31 March 2019	Rebate for 1 April 2019 – 30 June 2019
$90,000 or less for a single person	25.415%	25.059%
$90,001 – $105,000 for a single person	16.943%	16.706%
$105,001 – $140,000 for a single person	8.471%	8.352%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a	25.415%	25.059%

family		
$180,001 – $210,000 for a family	16.943%	16.706%
$210,001 – $280,000 for a family	8.471%	8.352%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

If the oldest person is 65 to 69 years old

Rebate if the oldest person covered on your policy is 65 to 69 years old in 2018–19

Income for surcharge purposes	Rebate for 1 July 2018 – 31 March 2019	Rebate for 1 April 2019 – 30 June 2019
$90,000 or less for a single person	29.651%	29.236%
$90,001 – $105,000 for a single person	21.180%	20.883%
$105,001 – $140,000 for a single person	12.707%	12.529%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	29.651%	29.236%
$180,001 – $210,000 for a family	21.180%	20.883%
$210,001 – $280,000 for a family	12.707%	12.529%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

If the oldest person is 70 years old or older

Rebate if the oldest person covered on your policy is 70 years old or older in 2018–19

Income for surcharge purposes	Rebate for 1 July 2018 – 31 March 2019	Rebate for 1 April 2019 – 30 June 2019
$90,000 or less for a single person	33.887%	33.413%
$90,001 – $105,000 for a single person	25.415%	25.059%
$105,001 – $140,000 for a single person	16.943%	16.706%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	33.887%	33.413%
$180,001 – $210,000 for a family	25.415%	25.059%
$210,001 – $280,000 for a family	16.943%	16.706%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

2017–18

If the oldest person is under 65 years old

Rebate if the oldest person covered on your policy is under 65 years old in 2017–18

Income for surcharge purposes	Rebate for 1 July 2017 – 31 March 2018	Rebate for 1 April 2018 – 30 June 2018
$90,000 or less for a single person	25.934%	25.415%

$90,001 – $105,000 for a single person	17.289%	16.943%
$105,001 – $140,000 for a single person	8.644%	8.471%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	25.934%	25.415%
$180,001 – $210,000 for a family	17.289%	16.943%
$210,001 – $280,000 for a family	8.644%	8.471%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

If the oldest person is 65 to 69 years old

Rebate if the oldest person covered on your policy is 65 to 69 years old in 2017–18

Income for surcharge purposes	Rebate for 1 July 2017 – 31 March 2018	Rebate for 1 April 2018 – 30 June 2018
$90,000 or less for a single person	30.256%	29.651%
$90,001 – $105,000 for a single person	21.612%	21.180%
$105,001 – $140,000 for a single person	12.966%	12.707%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	30.256%	29.651%
$180,001 – $210,000 for a family	21.612%	21.180%

$210,001 – $280,000 for a family	12.966%	12.707%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

If the oldest person is 70 years old or older

Rebate if the oldest person covered on your policy is 70 years old or older in 2017–18

Income for surcharge purposes	Rebate for 1 July 2017 – 31 March 2018	Rebate for 1 April 2018 – 30 June 2018
$90,000 or less for a single person	34.579%	33.887%
$90,001 – $105,000 for a single person	25.934%	25.415%
$105,001 – $140,000 for a single person	17.289%	16.943%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	34.579%	33.887%
$180,001 – $210,000 for a family	25.934%	25.415%
$210,001 – $280,000 for a family	17.289%	16.943%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

2016–17

If the oldest person is under 65 years old

Rebate if the oldest person covered on your policy is under 65 years old in 2016–17

Income for surcharge purposes	Rebate for 1 July 2016 – 31 March 2017	Rebate for 1 April 2017 – 30 June 2017
$90,000 or less for a single person	26.791%	25.934%
$90,001 – $105,000 for a single person	17.861%	17.289%
$105,001 – $140,000 for a single person	8.930%	8.644%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	26.791%	25.934%
$180,001 – $210,000 for a family	17.861%	17.289%
$210,001 – $280,000 for a family	8.930%	8.644%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

If the oldest person is 65 to 69 years old

Rebate if the oldest person covered on your policy is 65 to 69 years old in 2016–17

Income for surcharge purposes	Rebate for 1 July 2016 – 31 March 2017	Rebate for 1 April 2017 – 30 June 2017
$90,000 or less for a single person	31.256%	30.256%
$90,001 – $105,000 for a single person	22.326%	21.612%
$105,001 – $140,000 for a single person	13.395%	12.966%

$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	31.256%	30.256%
$180,001 – $210,000 for a family	22.326%	21.612%
$210,001 – $280,000 for a family	13.395%	12.966%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

If the oldest person is 70 years old or older

Rebate if the oldest person covered on your policy is 70 years old or older in 2016–17

Income for surcharge purposes	Rebate for 1 July 2016 – 31 March 2017	Rebate for 1 April 2017 – 30 June 2017
$90,000 or less for a single person	35.722%	34.579%
$90,001 – $105,000 for a single person	26.791%	25.934%
$105,001 – $140,000 for a single person	17.861%	17.289%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	35.722%	34.579%
$180,001 – $210,000 for a family	26.791%	25.934%
$210,001 – $280,000 for a family	17.861%	17.289%

$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

2015–16

If the oldest person is under 65 years old

Rebate if the oldest person covered on your policy is under 65 years old in 2015–16

Income for surcharge purposes	Rebate for 1 July 2015 – 31 March 2016	Rebate for 1 April 2016 – 30 June 2016
$90,000 or less for a single person	27.820%	26.791%
$90,001 – $105,000 for a single person	18.547%	17.861%
$105,001 – $140,000 for a single person	9.273%	8.930%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	27.820%	26.791%
$180,001 – $210,000 for a family	18.547%	17.861%
$210,001 – $280,000 for a family	9.273%	8.930%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

If the oldest person is 65 to 69 years old

Rebate if the oldest person covered on your policy is 65 to 69 years old in 2015–16

Income for surcharge	Rebate for 1 July 2015 –	Rebate for 1 April 2016

purposes	31 March 2016	– 30 June 2016
$90,000 or less for a single person	32.457%	31.256%
$90,001 – $105,000 for a single person	23.184%	22.326%
$105,001 – $140,000 for a single person	13.910%	13.395%
$140,001 or more for a single person	Not eligible	Not eligible
$180,000 or less for a family	32.457%	31.256%
$180,001 – $210,000 for a family	23.184%	22.326%
$210,001 – $280,000 for a family	13.910%	13.395%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

If the oldest person is 70 years old or older

Rebate if the oldest person covered on your policy is 70 years old or older in 2015–16

Income for surcharge purposes	Rebate for 1 July 2015 – 31 March 2016	Rebate for 1 April 2016 – 30 June 2016
$90,000 or less for a single person	37.094%	35.722%
$90,001 – $105,000 for a single person	27.820%	26.791%
$105,001 – $140,000 for a single person	18.547%	17.861%
$140,001 or more for a single person	Not eligible	Not eligible

$180,000 or less for a family	37.094%	35.722%
$180,001 – $210,000 for a family	27.820%	26.791%
$210,001 – $280,000 for a family	18.547%	17.861%
$280,001 or more for a family	Not eligible	Not eligible

Note: The family income threshold is increased by $1,500 for each Medicare levy surcharge dependent child after the first child.

Income tests for the private health insurance rebate

When estimating your income for private health insurance rebate purposes, you need to think about how your circumstances may affect whether the single or family threshold applies, including:

- whether you or your spouse expects an increased income in the income year – for example, from a promotion, change in employment, or overtime
- your single or family status – for example, having a partner at the end of the income year
- whether any dependent children will no longer be in your care
- if any dependent children are
  - turning 21 years old
  - older than 21 and under 25 years old, and no longer in full-time study.

Each adult covered by the policy is income tested:

- to determine their entitlement to a private health insurance rebate, regardless of who pays for the insurance policy
- on their share of the cost of the insurance policy.

In this section

- One adult covered by a policy
- Multiple adults covered by a policy
- Dependent persons covered by a policy
- Dependent person-only policies

One adult covered by a policy

If you are the only adult covered by a private health insurance policy, your share of the policy for rebate purposes is the total cost of the policy excluding any lifetime health cover loading. You are income tested to determine your private health insurance rebate entitlement regardless of who pays for the policy.

Example: One adult covered by a policy without lifetime health cover loading

In 2021–22, Narelle is single, 45 years old and the only adult covered by her private health insurance policy. She did not have any lifetime health cover loading.

On 1 July 2021, Narelle nominated to receive a premium reduction of 16.405%. On 1 April 2022, the rebate percentage was not adjusted by the government. As a result, the health insurer continued to provided Narelle with a premium reduction of 16.405% for premiums paid from 1 April 2022 to 30 June 2022.

Narelle paid premiums monthly as follows:

- $752 between 1 July 2021 and 31 March 2022 after premium reductions of $148.
- $251 between 1 April 2022 and 30 June 2022 after premium reductions of $49.

When Narelle lodges her 2022 tax return, her income for surcharge purposes is $83,000. As her income is below $90,000, Narelle's PHI rebate entitlement is:

- 24.608% for premiums paid between 1 July 2021 and 30 June 2022

Because Narelle received less rebate than she was entitled to from her insurer through reduced premiums, she gets a refundable tax offset of $98.30 in her 2022 tax return. This offset is listed on her notice of assessment.

Example: One adult covered by a policy with LHC loading – employer pays premiums

Peta is 50 years old and is single. In 2021–22, Peta’s employer pays for her private health insurance policy as a condition of her employment. The total cost of Peta's policy is $1,200, which includes her lifetime health cover loading of $200. This means the premiums eligible for the rebate total $1,000. On 1 July 2021, Peta nominated to receive a 24.608% premium reduction for the policy. On 1 April 2022, the rebate percentage was not adjusted by the government and the health insurer continued to provide Peta with a premium reduction of 24.608% for premiums paid from 1 April 2022 to 30 June 2022.

Peta's employer pays premiums monthly as follows:

- $715 between 1 July 2021 and 31 March 2022 after premium reductions of $185.
- $238 between 1 April 2022 and 30 June 2022 after premium reductions of $62.

Peta lodges her 2022 tax return, and her income for surcharge purposes for the year is calculated as $99,000. Peta's income falls into the income threshold for rebate entitlement of:

- 16.405% for premiums paid between 1 July 2021 and 31 March 2022
- 16.405% for premiums paid between 1 April 2022 and 30 June 2022

Because Peta received more rebate than she was entitled to from her insurer in form of reduced premiums, she incurs $82.95 liability for this extra rebate she had already claimed. The liability is listed on her notice of assessment.

Multiple adults covered by a policy

If a policy covers more than one adult, the premiums paid are divided into equal shares by the number of adults covered by the policy at the time of the payment, regardless of who paid the premium or whether the adults on the policy are a part of a couple.

Each adult's share of the policy is equal to the total cost of the policy divided by the number of adults covered by the policy at the time of payment.

When they lodge their tax return, each adult is income tested to determine their private health insurance rebate entitlement for their share of the cost of the policy. As each adult will be income tested according to their circumstances, there may be different outcomes for each of them.

Example: Single adult sharing a policy

Mike (26) and Elle (22) are both single and live together in shared accommodation. For convenience, they take out a private health insurance policy together in 2021–22, which is paid monthly as a joint expense of the house.

The policy costs $1,000, which means they each have a $500 share in the policy. They do not claim the rebate as a premium reduction.

Mike's income is $150,000 and he is not entitled to any rebate when he lodges his 2022 tax return.

Elle's income is $55,000 and she is entitled to a 24.608% rebate from the government in the form of refundable tax offset for premiums paid between

1 July 2021 and 30 June 2022 (the rebate percentage was not adjusted by the government on 1 April 2022).

Example: Divorced adults covered by the same policy

Zoe and Charlie got divorced in January 2022. However, they shared the same complying private health insurance policy throughout 2021–22. Under their family agreement, Zoe pays for her share as well as Charlie's share of the premiums on a monthly basis. They did not pay any lifetime health cover loading.

On 1 July 2021, Zoe nominated to receive a premium reduction of 24.608%. On 1 April 2022, the rebate percentage was not adjusted by the government and, as a result, the health insurer continued to provide Zoe with a premium reduction of 24.608% for premiums paid from 1 April 2022 to 30 June 2022. Zoe paid premiums monthly as follows, which adds up to:

- $1,131 between 1 July 2021 and 31 March 2022 after a premium reduction of $369
- $377 between 1 April 2022 and 30 June 2022 after a premium reduction of $123.

Zoe and Charlie will be income tested on the policy in equal shares. Any rebate entitlement they are individually eligible for applies to their own share of the policy. Their individual share of the policy is:

- $565 between 1 July 2021 and 31 March 2022 after a premium reduction of $185
- $189 between 1 April 2022 and 30 June 2022 after a premium reduction of $61.

Zoe and Charlie are both under 65 years old. Zoe has an income of $106,000 and Charlie has an income of $140,200. They are both assessed under the income thresholds as single because they are not married on the last day of the income year and do not have any dependent children.

Zoe's individual income means that her rebate entitlement is:

- 8.202% for premiums paid between 1 July 2021 and 31 March 2022
- 8.202% for premiums paid between 1 April 2022 and 30 June 2022.

When Zoe lodges her tax return for the year, she will need to pay some rebate back because she received more rebate than she was entitled to. Zoe will pay back:

- $123.49 for the period 1 July 2021 – 31 March 2022
- $40.50 for the period 1 April 2022 – 30 June 2022.

Zoe will incur a private health insurance liability of $163.99 on her notice of assessment.

Because Charlie's individual income is above the top income threshold, he is not entitled to any rebate. Charlie will need to pay back:

- $185 for the period 1 July 2021 – 31 March 2022
- $61 for the period 1 April 2022 – 30 June 2022.

Even though Charlie did not pay for the policy, he will receive a liability of $246 on his notice of assessment for his share of the policy.

Dependent persons covered by a policy

Changes made to *Private Health Insurance Act 2007,* which apply from 1 April 2021:

- introduce the term 'dependent person'
- increase the maximum age for children to be covered as a dependent person under a family, single parent, or dependent person-only, private health insurance policy from under 25 years old to under 32 years old, and
- allow children with a disability, regardless of their maximum age and marital status, to be covered as a dependent person under a family, single parent or dependent person-only, private health insurance policy.

A 'dependent person' is one of the following:

- a dependent child who is aged under 18 and does not have a partner
- a dependent non-student who is all of the following
    - aged between 18 and 31 (inclusive)
    - not receiving full-time education at a school, college or university
    - a dependent non-student under the rules of the private health insurer that insures the person
    - does not have a partner
- a dependent person with a disability who is
    - aged 18 or over and may have a partner, and
        - a *person with a disability* within the meaning of the expression person with a disability as defined by the Private Health Insurance (Complying Product) Rules, or
        - a *person with a disability* within the meaning of the expression person with a disability as defined by the rules of the private health insurer that insures the person
- a dependent student who is all of the following
    - aged between 18 and 31 (inclusive)
    - receiving full-time education at a school, college or university
    - a dependent student under the rules of the private health insurer that insures the person
    - does not have a partner.

A dependent person is not income tested and their income does not count towards the income test for private health insurance rebate. Therefore, a dependent person on a private health insurance policy is not considered to have a share of the cost of the policy.

Your private health insurer can advise you who is covered as a dependent person on your policy.

Example: Dependent student covered by a family policy

Caroline and Gordon are married with a son, Archie. Archie is 19 years old, studying full time at university, and he earns $95,000 a year as a part-time model. Under the rules of their private health insurer, Archie is classified as a dependent student because he is studying full time. Because Archie is covered by the family policy, he is:

- covered as a dependent student and his income is not taken into consideration for the family income threshold
- not income tested for any share of the policy because he is not entitled to a private health insurance rebate
- exempt from the Medicare levy surcharge as he has an appropriate level of private patient hospital cover for the full year.

Dependent person-only policies

A dependent person covered by a dependent person-only policy is not entitled to a private health insurance rebate. Therefore, a dependent person is not income tested.

Overseas visitors – private health insurance on your tax return

- https://www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Overseas-visitors---private-health-insurance-on-your-tax-return/
- Last modified: 01 Jul 2022
- QC 49967

If you are an overseas visitor, completing the private health insurance policy details on your tax return depends on your circumstances. This page will help you determine if you need to and how to complete the private health insurance policy details on your tax return.

For help on how to complete the Private health insurance policy details section and the Medicare levy surcharge section in your tax return in myTax, see Overseas visitors.

For further instructions to help complete a paper tax return, see Individual tax return instructions – M2 Medicare levy surcharge.

On this page

Completing private health insurance details on your tax return

Use this information to help you complete the Private health insurance policy details section and the Medicare levy surcharge section in your tax return.

If you have a health insurance policy, see the table below. Depending on the type of policy you have, and your eligibility for Medicare, it shows if you:

- are eligible for the private health insurance rebate
- need to complete the private health insurance details on your tax return.

Guide for overseas visitors by health insurance policy type

Policy type	Eligible for Medicare	Eligible for private health insurance rebate	Complete private health insurance details
Policy from overseas health insurer	Not applicable	No	No
Complying health insurance policy from Australian-registered health insurer	Yes	Yes	Yes
	No	No	No
OSHC or OVHC from Australian-registered health insurer	Not applicable	No	No

If you have an overseas health insurer

If your private health insurance provider is an overseas provider that is not registered in Australia, you:

- will not be eligible for any rebate on your policy

- you may need to pay the Medicare levy surcharge if you don't meet the conditions for a Medicare levy exemption.

In this case, when completing your tax return, you should:

- answer No at label E item M2 Medicare levy surcharge
- work out the number of days you do not have to pay the Medicare levy surcharge (if you qualify for a Medicare levy exemption you will also be exempt from paying the Medicare levy surcharge) and complete label A item M2 Medicare levy surcharge as per the Individual tax return instructions
- not complete the private health insurance policy details section.

If you have a complying health insurance policy

You will need to determine if you are eligible for Medicare, if you are not eligible see – If you are not eligible for Medicare.

If you are eligible for Medicare, you can ask for a private health insurance statement from your insurance provider if:

- you have an Australian-registered complying health insurance policy
- you are a private health insurance incentive beneficiary (PHIIB).

When completing your tax return, if you and all of your dependents were covered under a complying health insurance policy for the full year with the appropriate level of private patient hospital cover, you should:

- answer Yes at label E item M2 Medicare levy surcharge (see the *Individual tax return instructions* when completing the other parts of item M2)
- complete the private health insurance policy details section.

If you are not eligible for Medicare

If you are an overseas visitor who is not eligible for Medicare, you are not entitled to any private health insurance rebate.

However, you can still purchase a complying health insurance policy with an Australian-registered health insurer. You will receive a private health insurance statement. Your statement will show the amount of premiums paid (at label J), while the rebate received at label K will be zero ($0).

If the complying health insurance policy provides you and all of your dependants with the appropriate level of private patient hospital cover, you will be eligible to claim an exemption from the Medicare levy surcharge.

When completing your tax return, you must:

- answer No at label E item M2 Medicare levy surcharge
- not complete the private health insurance policy details section.

If you and all of your dependants, including your spouse, were:

- covered under the appropriate level of private patient hospital cover for the full year, write 365 at label 'A – Number of days you do not have to pay the surcharge'
- not covered under the private patient hospital cover for the full year, answer No at label E and follow the *Individual tax return instructions* to complete the rest of item M2.

Overseas student or overseas visitors health cover

If you are an overseas visitor, you can purchase Overseas student health cover (OSHC) or Overseas visitors health cover (OVHC) from an Australian-registered health insurer. These are not complying health insurance policies, and you will not be eligible for the private health insurance rebate.

When completing your tax return as an overseas visitor with OSHC or OVHS:

- answer No at label E item M2 Medicare levy surcharge
- work out the number of days you are eligible for exemption from the Medicare levy surcharge and complete label A item M2 Medicare levy surcharge as per the Individual tax return instructions
- do not complete the private health insurance policy details section.