



Medicare Levy Amendment Act (No. 1) 1997

No. 64, 1997

**An Act to amend the *Medicare Levy Act 1986*, and
for related purposes**

Contents

1	Short title.....	1
2	Commencement.....	1
3	Schedule(s).....	2
Schedule 1—Amendment of the Medicare Levy Act 1986 relating to income thresholds		3
	Part 1—Amendments commencing on 1 July 1996	3
	Part 2—Amendments commencing on 1 July 1997	4
Schedule 2—Amendment of the Medicare Levy Act 1986 to increase the medicare levy for certain persons		5



Medicare Levy Amendment Act (No. 1) 1997

No. 64, 1997

An Act to amend the *Medicare Levy Act 1986*, and for related purposes

[Assented to 30 May 1997]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *Medicare Levy Amendment Act (No. 1) 1997*.

2 Commencement

- (1) Subject to this section, this Act commences on the day on which it receives the Royal Assent.
- (2) Part 1 of Schedule 1 is taken to have commenced on 1 July 1996.

(3) Part 2 of Schedule 1 and Schedule 2 commence on 1 July 1997.

3 Schedule(s)

Subject to section 2, each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

**Schedule 1—Amendment of the Medicare
Levy Act 1986 relating to income
thresholds**

Part 1—Amendments commencing on 1 July 1996

1 Subsections 7(1) and (2)

Omit “\$12,870”, substitute “\$13,127”.

2 Subsection 7(2)

Omit “\$13,913”, substitute “\$14,346”.

3 Subsection 7(4)

Omit “\$450”, substitute “\$454”.

4 Subsection 8(5) (definition of *family income threshold*)

Omit “\$21,718”, substitute “\$22,152”.

5 Subsection 8(6)

Omit “\$21,718”, substitute “\$22,152”.

6 Application

- (1) The amendments made by items 1, 4 and 5 apply for the 1996-97 year of income and all later years of income.
- (2) The amendments made by items 2 and 3 apply for the 1996-97 year of income.

Part 2—Amendments commencing on 1 July 1997

7 Subsection 7(2)

Omit “\$14,346”, substitute “\$14,191”.

8 Subsection 7(4)

Omit “\$454”, substitute “\$450”.

9 Application

The amendments made by this Part apply for the 1997-98 year of income and all later years of income.

Schedule 2—Amendment of the Medicare Levy Act 1986 to increase the medicare levy for certain persons

1 Subsection 3(3)

Omit “For”, substitute “Subject to subsection (3A), for”.

2 After subsection 3(3)

Insert:

(3A) For the purposes of sections 8B, 8C and 8D, if:

- (a) the last person to whom another person was married during a year of income died during the year of income; and
- (b) the death occurred while they were married;

the living person is taken to be married to the person who died during the period starting on the day he or she died and ending on 30 June of the year of income.

3 At the end of section 3

Add:

- (5) For the purposes of this Act, a person is covered by an insurance policy that provides private patient hospital cover if the policy is an applicable benefits arrangement, within the meaning of section 5A of the *National Health Act 1953*, to which paragraph 5A(1)(a) of that Act applies.
- (6) For the purposes of this Act, a person is also covered by an insurance policy that provides private patient hospital cover if:
 - (a) the policy is issued by a person to whom subsection 67(3) of the *National Health Act 1953* applies; and
 - (b) if the person referred to in paragraph (a) were a registered organization within the meaning of that Act—the policy would be an applicable benefits arrangement, within the meaning of section 5A of that Act, to which paragraph 5A(1)(a) of that Act would apply.

4 After section 3

Insert:

3A Meaning of *family surcharge threshold*

In sections 8C, 8D, 8F and 8G:

family surcharge threshold for a year of income is:

- (a) \$100,000; or
- (b) if a person has 2 or more dependants who are children—the amount worked out as follows:

$$\$100,000 + \left(\$1,500 \times \left(\begin{array}{c} \text{Number of dependants} \\ \text{who are children} \end{array} - 1 \right) \right)$$

Example: If a person has 3 dependants who are children, the family surcharge threshold under paragraph (b) is:

$$\$100,000 + \left(\$1,500 \times \left(3 - 1 \right) \right) = \$103,000$$

5 After section 8A

Insert:

8B Increase in levy—person without dependants who is not married during whole or part of a financial year

- (1) This section applies to a person during a period if during the whole of the period:
 - (a) the person is not a married person; and
 - (b) the person does not have any dependants; and
 - (c) the person is not covered by an insurance policy that provides private patient hospital cover; and
 - (d) the person is not a prescribed person.

Note 1: Subsection 251R(2) of the Assessment Act treats certain persons who are not married as if they were married.

Note 2: For ***dependant*** see sections 251R and 251V of the Assessment Act.

Note 3: For ***prescribed person*** see section 251U of the Assessment Act.

- (2) If the taxable income of a person exceeds \$50,000, the amount of the levy that, apart from this section, would have been payable by the person under this Act for the year of income is to be increased:

- (a) if this section applies to the person for the whole of the year of income—by 1% of the person's taxable income; or
- (b) if this section applies to the person for only some of the days in the year of income—by the amount worked out using the formula:

$$(1\% \text{ of the person's taxable income}) \times \frac{\text{Number of those days}}{\text{Number of days in the year of income}}$$

8C Increase in levy—person with dependants who is not married during whole or part of a financial year

- (1) This section applies to a person during a period if during the whole of the period:
 - (a) the person is not a married person; and
 - (b) the person has one or more dependants; and
 - (c) the person or at least one of the person's dependants (other than a dependant who is, or would, apart from subsection 251U(2) of the Assessment Act, be taken to be, a prescribed person) is not covered by an insurance policy that provides private patient hospital cover; and
 - (d) the person is not, or is taken under section 251VA of the Assessment Act not to be, a prescribed person.
- Note 1: Subsection 251R(2) of the Assessment Act treats certain persons who are not married as if they were married.
- Note 2: For *dependant* see sections 251R and 251V of the Assessment Act.
- Note 3: For *prescribed person* see section 251U of the Assessment Act.
- (2) For the purposes of paragraph (1)(c), a person to whom section 251VA of the Assessment Act applies is taken to be covered during the whole of the period by an insurance policy that provides private patient hospital cover.
 - (3) If the taxable income of a person exceeds the family surcharge threshold, the amount of the levy that, apart from this section, would have been payable by the person under this Act for that year is to be increased:

Schedule 2 Amendment of the Medicare Levy Act 1986 to increase the medicare levy for certain persons

- (a) if this section applies to the person for the whole of the year of income—by the amount of 1% of the person’s taxable income; or
- (b) if this section applies to the person for only some of the days in the year of income—by the amount worked out using the formula:

$$(1\% \text{ of the person's taxable income}) \times \frac{\text{Number of those days}}{\text{Number of days in the year of income}}$$

8D Increase in levy—person who is married during whole or part of a financial year

- (1) This section applies to a person during a period if during the whole of the period:
 - (a) the person is a married person; and
 - (b) the person or at least one of the person’s dependants (other than a dependant who is, or would, apart from subsection 251U(2) of the Assessment Act, be taken to be, a prescribed person) is not covered by an insurance policy that provides private patient hospital cover; and
 - (c) the person is not, or is taken under section 251VA of the Assessment Act not to be, a prescribed person.

Note 1: Subsection 251R(2) of the Assessment Act treats certain persons who are not married as if they were married.

Note 2: For *dependant* see sections 251R and 251V of the Assessment Act.

Note 3: For *prescribed person* see section 251U of the Assessment Act.

- (2) For the purposes of paragraph (1)(b), a person to whom section 251VA of the Assessment Act applies is taken to be covered during the whole of the period by an insurance policy that provides private patient hospital cover.
 - (3) The amount of the levy that, apart from this section, would have been payable by a person under this Act for the year of income is to be increased by the amount of 1% of the person’s taxable income if:
 - (a) this section applies to the person for the whole of the year of income; and
-

- (b) the sum of the person's taxable income and the taxable income of the person's spouse exceeds the family surcharge threshold; and
 - (c) the person's taxable income exceeds \$13,127.
- (4) The amount of the levy that, apart from this section, would have been payable by a person under this Act for the year of income, being a person to whom this section applies for only some of the days in the year of income, is to be increased by the amount worked out using the formula:

$$(1\% \text{ of the person's taxable income}) \times \frac{\text{Number of those days}}{\text{Number of days in the year of income}}$$

if:

- (a) in the case of a person who is a married person for the whole of the year of income:
 - (i) the sum of the person's taxable income and the taxable income of the person's spouse exceeds the family surcharge threshold; and
 - (ii) the person's taxable income exceeds \$13,127; or
 - (b) in the case of a person who is a married person for only some of the year of income—the person's taxable income exceeds the family surcharge threshold.
- (5) In this section:

taxable income, in relation to the spouse of a person, means the spouse's taxable income within the meaning of the Assessment Act, and includes any share in the net income of a trust estate:

- (a) to which the spouse is presently entitled as a beneficiary; and
- (b) in respect of which the trustee of the trust estate in that capacity is liable to be assessed under section 98 of that Act.

8E Increase in levy for certain trustees—beneficiary a person to whom section 8B applies

- (1) This section applies to a person who is a beneficiary of a trust estate during a period if:

- (a) section 8B applies to the beneficiary during the whole of the period; and
 - (b) the trustee of the trust estate in that capacity is liable to be assessed under section 98 of the Assessment Act in respect of a share of the net income of the trust estate to which the beneficiary is presently entitled (the *beneficiary's trust income*).
- (2) If the amount of the beneficiary's trust income exceeds \$50,000, the amount of the levy that, apart from this section, would have been payable under this Act by the trustee in the capacity of trustee of the trust estate in relation to the beneficiary for the year of income is to be increased:
- (a) if this section applies to the beneficiary for the whole of the year of income—by the amount of 1% of the beneficiary's trust income; or
 - (b) if this section applies to the beneficiary for only some of the days in the year of income—by the amount worked out using the formula:

$$(1\% \text{ of the beneficiary's trust income}) \times \frac{\text{Number of those days}}{\text{Number of days in the year of income}}$$

8F Increase in levy for certain trustees—beneficiary a person to whom section 8C applies

- (1) This section applies to a person who is a beneficiary of a trust estate during a period if:
 - (a) section 8C applies to the beneficiary during the whole of the period; and
 - (b) the trustee of the trust estate in that capacity is liable to be assessed under section 98 of the Assessment Act in respect of a share of the net income of the trust estate to which the beneficiary is presently entitled (the *beneficiary's trust income*).
 - (2) If the amount of the beneficiary's trust income exceeds the family surcharge threshold, the amount of the levy that, apart from this section, would have been payable under this Act by the trustee in
-

the capacity of trustee of the trust estate in relation to the beneficiary for the year of income is to be increased:

- (a) if this section applies to the beneficiary for the whole of the year of income—by the amount of 1% of the beneficiary's trust income; or
- (b) if this section applies to the beneficiary for only some of the days in the year of income—by the amount worked out using the formula:

$$(1\% \text{ of the beneficiary's trust income}) \times \frac{\text{Number of those days}}{\text{Number of days in the year of income}}$$

8G Increase in levy for certain trustees—beneficiary a person to whom section 8D applies

- (1) This section applies to a person who is a beneficiary of a trust estate during a period if:
 - (a) section 8D applies to the beneficiary during the whole of the period; and
 - (b) the trustee of the trust estate in that capacity is liable to be assessed under section 98 of the Assessment Act in respect of a share of the net income of the trust estate to which the beneficiary is presently entitled (the *beneficiary's trust income*).
- (2) The amount of the levy that, apart from this section, would have been payable under this Act by the trustee in the capacity of trustee of the trust estate in relation to the beneficiary for the year of income is to be increased by 1% of the beneficiary's trust income if:
 - (a) this section applies to the beneficiary for the whole of the year of income; and
 - (b) the sum of the beneficiary's trust income and the taxable income of the beneficiary's spouse exceeds the family surcharge threshold; and
 - (c) the amount of the beneficiary's trust income exceeds \$13,127.

Schedule 2 Amendment of the Medicare Levy Act 1986 to increase the medicare levy for certain persons

- (3) If this section applies to the beneficiary for only some of the days in the year of income, the amount of the levy that, apart from this section, would have been payable under this Act by the trustee in the capacity of trustee of the trust estate in relation to the beneficiary for the year of income is to be increased by the amount worked out using the formula:

$$(1\% \text{ of the beneficiary's trust income}) \times \frac{\text{Number of those days}}{\text{Number of days in the year of income}}$$

if:

- (a) in the case of a beneficiary who is a married person for the whole of the year of income:
- (i) the sum of the beneficiary's trust income and the taxable income of the beneficiary's spouse exceeds the family surcharge threshold; and
 - (ii) the beneficiary's trust income exceeds \$13,127; or
- (b) in the case of a beneficiary who is a married person for only some of the year of income—the beneficiary's trust income exceeds the family surcharge threshold.
- (4) In this section:

taxable income, in relation to the spouse of a beneficiary, means the spouse's taxable income within the meaning of the Assessment Act, and includes any share in the net income of a trust estate:

- (a) to which the spouse is presently entitled as a beneficiary; and
- (b) in respect of which the trustee of the trust estate in that capacity is liable to be assessed under section 98 of that Act.

6 Subsection 9(1)

After "levy", insert "(other than an increase in the levy payable under section 8B, 8C, 8D, 8E, 8F or 8G)".

Note: The heading to section 9 is altered by inserting "(other than certain levy increases)" after "levy".

7 Application

The amendments made by this Schedule apply for the 1997-98 year of income and all later years of income.

*[Minister's second reading speech made in—
House of Representatives on 13 December 1996
Senate on 27 February 1997]*

(151/96)

Schedule 2 Amendment of the Medicare Levy Act 1986 to increase the medicare levy for certain persons

I HEREBY CERTIFY that the above is a fair print of the Medicare Levy Amendment Bill (No. 1) 1997 which originated in the House of Representatives as the Medicare Levy Amendment Bill (No. 2) 1996 and has been finally passed by the Senate and the House of Representatives.

Clerk of the House of Representatives

IN THE NAME OF HER MAJESTY, I assent to this Act.

Governor-General
May 1997