



Take full advantage

PACK FACT

MEDICARE LEVY SURCHARGE

All taxpayers currently pay a 1.5% Medicare Levy which is deducted with your fortnightly tax and applies to your total gross salary.

For taxpayers who do not have any private health insurance (patient hospital cover), they are subject to a Medicare Levy Surcharge (MLS) which is an additional 1% if they are either:

- Single with a taxable income greater than \$50,000 without dependents; or
- A member of a family with a combined taxable income greater than \$100,000.

When you Salary Package, the amount the MLS is calculated on is adjusted to take into account the benefits you are receiving. After Salary Packaging, the amount the MLS is calculated on is the sum of:

- Your taxable income; plus
- Your total Reportable Fringe Benefits (see Reportable Fringe Benefits on your Payment Summary Pack Fact).

If this sum makes you subject to the MLS, you will be advised of any surcharge payable when you receive your notice of assessment from the Australian Taxation Office. If the MLS does apply to you, it will amount to a total of 2.5%.

Example:

- Your gross salary before Salary Packaging is \$45,000. You Salary Package \$9,095 to your mortgage.
- Your gross income will be \$35,905 → \$45,000 - \$9,095
- Your Reportable Fringe Benefit is \$17,000 → $\frac{\$9,095}{1 - 0.465}$
- Your taxable income for the Medicare Levy Surcharge is \$52,905 → \$35,905 + \$17,000.

* Refer to **PACK FACT: Reportable Fringe Benefits on your Payment Summary** for further information.

Without Packaging:		With Packaging:	
Gross Income	\$ 45,000	Gross Income	\$ 45,000
Medicare Levy 1.5% of \$45,000	\$ 675	Salary Package	\$ - 9,095
Total Medicare Levy Payable	\$ 675	Taxable Income	\$ 35,905
		Reportable Fringe Benefits	\$ +17,000
		Taxable Income for Medicare Levy Surcharge	\$ 52,905
		Medicare Levy: 1.5% of \$35,905	\$ 539
		Medicare Levy Surcharge: 1% of \$52,905	\$ 529
		Total Medicare Levy Payable	\$ 1,068

DISCLAIMER

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