



Take full advantage

PACK FACT MEDICARE LEVY SURCHARGE

All taxpayers currently pay a 2.0% 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) and an Income in excess of specified thresholds, they are subject to a Medicare Levy Surcharge (MLS).

Please refer to <https://www.ato.gov.au/Individuals/Medicare-levy/Medicare-levy-surcharge/> for details on how it may affect you.

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.

Example:

- Your gross salary before Salary Packaging is \$55,000. You Salary Package \$9,010 to your mortgage.
- Your gross income will be \$45,990 → \$55,000 - \$9,010
- Your Reportable Fringe Benefit is \$17,000 → $\frac{\$9,010}{1 - 0.47}$
- **Your taxable income for the Medicare Levy Surcharge is \$62,990** → \$45,990 + \$17,000.

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

DISCLAIMER

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Example uses income tax rates effective 1st July 2014.

Issued: July 14