



Treasurer

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INCREASE IN THE MEDICARE LEVY AND MEDICARE LEVY SURCHARGE LOW-INCOME THRESHOLDS

To ensure that Australians on low incomes remain exempt from the Medicare Levy, the Government will increase the Medicare Levy low-income thresholds.

The Medicare Levy low-income threshold will increase to \$18,488 (up from \$17,794) for singles, and to \$31,196 (up from \$30,025) for couples. This means that singles or couples with incomes in the 2009-10 income year below these new thresholds will be exempt from the Medicare Levy.

For families, the additional amount of threshold for each dependent child or student will also be increased to \$2,865 (up from \$2,757).

The increase in thresholds takes into account movements in the Consumer Price Index reflecting increased costs of living.

The increase in the singles threshold also ensures that a low-income family member in a family with a combined income above the Medicare Levy Surcharge family threshold, and who does not have appropriate private patient hospital insurance, will not be required to pay the Medicare Levy or Medicare Levy Surcharge.

The Medicare Levy low-income threshold for pensioners below Age Pension age will also be increased.

The threshold will rise to \$27,697 (up from \$25,299) for the 2009-10 income year. This means that a pensioner below Age Pension age with an income in 2009-10 below this new threshold will be exempt from the Medicare Levy.

This will ensure that pensioners below Age Pension age receive the full benefit of the increase in the pension announced by the Government in the 2009-10 Budget and do not pay the Medicare Levy when they do not have an income tax liability.

This measure has a cost to revenue of \$225 million over the forward estimates period.

The Rudd Government understands that cost of living increases hit low-income Australians hardest and these threshold increases will ensure that the Medicare Levy does not add to that cost pressure.

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