Medicare Levy Amendment Bill 1989

Date Introduced: 6 September 1989
House: House of Representatives
Portfolio: Treasury

Digest of Bill

Purpose
To implement the annual increase in the thresholds above which the Medicare levy is imposed.

Background
The universal health insurance scheme known as Medicare was introduced in February 1984. The scheme provides coverage of 85% of the scheduled fee for medical services and free public hospital accommodation. Medicare is partly funded through a 1.25% levy on taxable income, though below a certain threshold level the levy is not payable.

Revenue collected from the Medicare levy in 1988–89 was $2320 million. This comprised $1960 million from PAYE taxpayers and $360 million from other individuals. In 1989–90, Medicare levy collections are estimated to reach $2595 million, $2130 million from PAYE taxpayers and $465 million from other individuals.¹

Under the Bill, the current 1.25% Medicare levy rate continues unchanged, however the thresholds at which the levy applies are increased by the Bill as follows:

(a) the threshold for a taxpayer without dependants is increased from $9560 to $10 330.

(b) where an individual's taxable income is between $10 330 and $11 018, the amount of levy will be limited to 20% of the excess above $10 330.

(c) the threshold for people who have a spouse or dependants, will be increased from $16 110 to $17 400.

In the Second Reading Speech to the Bill, it is estimated that the cost of increasing the thresholds will be $10 million in 1989–90 and $35 million in 1990–91.
Main Provisions

Clause 4 sets the commencement date as the financial year commencing 1 July 1989.

The Schedule to the Bill sets out the threshold amounts to be amended.

References


For further information, if required, contact the Economics and Commerce Group.

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Legislative Research Service

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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