Date Introduced: 6 September 1983
House: House of Representatives
Presented by: Hon. C.J. Hurford, Minister assisting the Treasurer

Short Digest of Bill

Purpose

To impose a levy on taxable income of .416 per cent in 1983-84 and 1 per cent in a full year, for financing the Medicare scheme.

Background

Medicare is to commence on 1 February 1984 and will provide public hospital treatment free of charge and medical benefits to 85 per cent of the schedule fee for all Australians, including visitors for more than six months. It is to be financed by a levy on taxable income, to be administered by the Australian Taxation Office. Provisions for assessment and collection of the levy are set out in a new Part VIIB added to the Income Tax Assessment Act by the Income Tax Laws Amendment (Medicare Levy) Bill 1983. The levy is actually imposed by this Bill, at rates specified in the Bill.

The levy is imposed at .416 per cent of taxable income in 1983-84 and at a full year rate of 1 per cent. No levy is payable by a taxpayer whose taxable income is $6698 or less. Shading in provisions apply in the range $6698 to $7050. For a taxpayer with a spouse or dependants the corresponding minimum income at which levy is payable is $11,141 plus $1100 for each dependant child or student of the taxpayer or his or her spouse.

A ceiling of $291.20, corresponding to a full year levy maximum of $700, applies to the levy payable by a taxpayer or by a legally married couple.

Certain repatriation beneficiaries and holders of Government health cards where income was not taken into account in determining eligibility for the card are exempt from the levy. Where such persons have dependants who are
not similarly entitled to hospital and medical treatment, levy is imposed at a rate reduced by one-half.

Main Provisions

The Bill is drafted in respect of the 1983/84 income year, in which a levy of 0.416 per cent applies.

Clause 6 specifies the rate of levy payable by a taxpayer or trustee assessable in respect of a trust estate. The benefit of any reductions in levy provided to a "taxpayer" by this legislation may be availed of by the trustee under clause 11.

The minimum income for payment of levy, and provision for shading in at 20 per cent, is set out in clause 7, in the case of a taxpayer without spouse or dependants, and clause 9 otherwise. In either case, the maximum levy payable is specified by clause 8.

Clause 10 provides that liability to levy abates proportionately where a person is a "prescribed person", and therefore exempt from levy, for part of the year. Liability of persons to levy at a rate reduced by one-half is accomplished by a provision deeming persons to be "prescribed persons" for half the relevant period, in new section 25IV added to the Income Tax Assessment Act by the Income Tax Laws Amendment (Medicare Levy) Bill 1983.

Operation of the legislation after 1983/84 is modified to the extent of the full year rates specified in clause 12.

For further information, if required, contact:

22 September 1983

Education and Welfare Group
LEGISLATIVE RESEARCH SERVICE