



Nationwide BAS

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 Nationwide Bookkeeping & Accountants Services Pty Ltd

Factsheet - Private Health Insurance Rebate Adjustment Tax Time Individual Clients

Up until 30 June 2012 if you had private health insurance you were eligible for a rebate from the Australian Government to help cover the cost of your premiums – for most clients this equated to a 30% discount on the premiums.

From 1 July 2012, the private health insurance rebate has been income tested. The table below details the different rebate amounts and Medicare levy surcharge levels (for those without appropriate private health insurance). The income referred to is ATI (adjusted taxable income) - * plus \$1,500 for each dependent child after the first

| | Unchanged | Tier 1 | Tier 2 | Tier 3 |
|-----------------------------------|--------------------|-----------------------|-----------------------|--------------------|
| Singles | \$90,000 or less | \$90,001-\$105,000 | \$105,001-\$140,000 | \$140,001 or more |
| Families | \$180,000* or less | \$180,001*-\$210,000* | \$210,001*-\$280,000* | \$280,001* or more |
| Rebate – 1/7/20 to 31/3/21 | | | | |
| Aged under 65 | 25.059% | 16.706% | 8.352% | 0% |
| Aged 65-69 | 29.236% | 20.883% | 12.529% | 0% |
| Aged 70 or over | 33.413% | 25.059% | 16.706% | 0% |
| Rebate – 1/4/21 to 30/6/21 | | | | |
| Aged under 65 | 24.608% | 16.405% | 8.202% | 0% |
| Aged 65-69 | 28.710% | 20.507% | 12.303% | 0% |
| Aged 70 or over | 32.812% | 24.608% | 16.405% | 0% |
| Medicare levy surcharge | | | | |
| Rates | 0.0% | 1.0% | 1.25% | 1.5% |

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If your income is above these thresholds and you have been receiving the full rebate during the year from your health fund, you will need to pay some of this money back to the ATO when we lodge your 2021 tax return. We recommend that you notify your health fund immediately to change your premiums for the 2022 year.

If you are unsure of your 2022 income levels, we recommend that you pay 100% of your premiums to your health fund, and if you are entitled to a tax offset, we can claim in your 2022 tax return.

If you are thinking of dropping your cover altogether as you are no longer eligible for the larger rebate, we suggest that you carefully consider any change. This is due to the fact that high income earners who do not have the appropriate private hospital cover may find they are liable to the Medicare Levy Surcharge of up to 1.5% (of your adjusted taxable income), in addition to the standard 2% Medicare Levy (of your taxable income). That is a total of 3.5% in Medicare levies.

Should you require any assistance, please do not hesitate to contact our office.

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