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Medicare levy reduction

Find out if you are eligible for a Medicare levy reduction based on your income or family income.

Medicare levy reduction for low-income earners

A Medicare levy reduction applies if your taxable income is between the thresholds as a single low-income earner.

Medicare levy reduction – family income

Find out if you qualify for a Medicare levy reduction on your family taxable income.

QC 71225

Medicare levy reduction for low-income earners

A Medicare levy reduction applies if your taxable income is between the thresholds as a single low-income earner.

Last updated 30 June 2026

When you don't pay the Medicare levy

In 2025–26, you **don't** have to pay the Medicare levy if your taxable income is equal to or less than the lower Medicare levy threshold. Check the thresholds, see, [Table: Medicare levy thresholds for a single individual](#).

Medicare levy reduction thresholds for singles

Your taxable income must be equal to or less than the relevant upper threshold in the table for you to qualify for a reduction. We work out the reduction for you when you lodge your tax return.

Table: Medicare levy thresholds for a single individual

Category	Lower threshold	Upper threshold
If you're entitled to the Seniors and pensioners tax offset	\$44,268	\$55,335 (see note 1)
All other taxpayers	\$28,011	\$35,013

Note 1: The entitlement to the seniors and pensioners tax offset (SAPTO) for singles ceases when the rebate income reaches \$52,759.

If you don't qualify for a single reduction, you may still qualify for a reduction based on your **family taxable income**.

If you don't qualify for a reduction in the Medicare levy, you may still qualify for a **Medicare levy exemption**.

You can use the **Medicare levy calculator** to work out your Medicare levy payable.

For prior year Medicare levy reduction thresholds, see:

- Medicare levy reduction threshold 2024–25
- Medicare levy reduction threshold 2023–24
- Medicare levy reduction threshold 2022–23
- Medicare levy reduction threshold 2021–22

Example: Medicare levy reduction based on income within the threshold

Angie's taxable income is \$29,000. Angie is single with no dependants and she isn't entitled to SAPTO. Angie isn't eligible for any Medicare levy exemptions.

Angie qualifies for a Medicare levy reduction because her taxable income is less than the upper threshold. Angie completes her tax return and we work out her Medicare levy reduction for her.

Angie uses the Medicare levy calculator to find out how much Medicare levy she will pay. She enters her details and finds out her Medicare levy will be reduced to \$98.90

QC 27031

Medicare levy reduction – family income

Find out if you qualify for a Medicare levy reduction on your family taxable income.

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Eligibility for Medicare levy reduction – family taxable income

You may qualify for a Medicare levy reduction on your family taxable income if you meet both of the following in 2025-26:

1. Your individual taxable income was more than \$35,013 (\$55,335 for seniors and pensioners entitled to the seniors and pensioners tax offset [SAPTO]).
2. You

- have a spouse (married or de facto)
- have a spouse that died during the year, and you didn't have another spouse before the end of the year
- are entitled to an **invalid or invalid carer tax offset** in respect of your child
- have [sole care](#) of one or more dependent children.

If you have a spouse, you may not get SAPTO even if you meet all the eligibility conditions. This is because we base the amount of the tax offset on your individual rebate income, not your combined rebate income. Even if you're eligible for SAPTO but don't get the tax offset, it doesn't entitle you to a Medicare levy reduction.

You can use the **Medicare levy calculator** to work out your Medicare levy payable.

Family taxable income thresholds

Your Medicare levy is reduced if your family income is below a certain amount. In some cases, you may not have to pay this levy at all.

In 2025–26, you don't have to pay the Medicare levy if your family income is equal to or less than the family income threshold.

Any Medicare levy you have to pay will be reduced if your family income is above the lower family income threshold and at or below an upper threshold. We work out any reduction for you when you lodge your tax return.

The lower family income threshold is either:

- \$47,238
- \$61,623 if you're entitled to the SAPTO.

The lower family income threshold increases by \$4,338 for each dependent child.

The upper family income threshold is either:

- \$59,047
- \$77,028 if you're entitled to SAPTO (if your entitlement to the SAPTO reduces to zero before you reach the upper limit you must use the non SAPTO thresholds).

The upper income threshold increases by \$5,423 for each dependent child.

Calculate your family taxable income

Family taxable income is either:

- the combined taxable income of you and your spouse (including a spouse who died during the year)
- your taxable income if you were a sole parent.

Example: Medicare levy reduction based on family taxable income

Ashton is 68 years old and his taxable income is \$49,700 in 2025–26. Ashton and his spouse live apart due to illness and have no dependent children. Ashton's spouse's taxable income was \$21,700 in 2025–26. Ashton uses the **SAPTO calculator** to check whether he and his spouse are entitled to SAPTO. The calculator confirms they are entitled to SAPTO. Ashton isn't eligible for a Medicare levy exemption.

Ashton and his spouse's family taxable income is \$71,400 (\$49,700 + \$21,700).

Ashton is entitled to a Medicare levy reduction based on his family taxable income. Ashton completes his tax return and we work out his Medicare levy reduction for him.

Ashton uses the **Medicare levy calculator** to find out how much Medicare levy he will pay. He enters his and his spouse's details and finds out his Medicare levy will be reduced to \$92.90.

Dependent children for Medicare levy reduction purposes

For Medicare levy reduction purposes, a dependent child is any child:

- you maintained who was an Australian resident, and

- whose adjusted taxable income was less than the amounts in the table below.

Dependent children – Adjusted taxable income (ATI) thresholds

Category of dependent child	ATI if not maintained for the whole year	ATI if maintained for the whole year
Any child under 21 years old you maintained who was not a full-time student	For the first child: \$282 plus \$28.92 for each week you maintained them For each additional child: \$282 plus \$21.70 for each week you maintained them	For the first child: \$1,786 For each additional child: \$1,410
Any full-time student aged under 25 years old at a school, college or university	\$282 plus \$28.92 for each week you maintained them	\$1,786

Sole care definition

Sole care means you alone had full responsibility for the upbringing, welfare and maintenance of a child or student.

You aren't considered to have sole care if you are living with a spouse (married or de facto) unless there are special circumstances. For example, if a spouse is medically incapable of assisting you with the care.

QC 27032

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