

# EXPOSURE DRAFT

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Inserts for

## **Treasury Laws Amendment Bill 2024: Medicare levy lump sum exemption**

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**Commencement information**

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<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions</b>	<b>Commencement</b>	<b>Date/Details</b>

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1. Schedule MLE	The first 1 January, 1 April, 1 July or 1 October to occur after the day this Act receives the Royal Assent.	
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## Schedule MLE—Medicare levy exemption

### *Medicare Levy Act 1986*

#### 1 After section 9

Insert:

#### 9A Adjustment of taxable income for lump sum payments in arrears

- (1) This section applies to a person for a year of income if:
- (a) the person's assessable income for the year includes one or more eligible lump sums; and
  - (b) the total arrears amount is not less than 10% of the normal taxable income of the year; and
  - (c) in each relevant accrual year, one or more of the following applied:
    - (i) the sum of the person's taxable income and the annual arrears amount for the year did not exceed the phase-in limit;
    - (ii) under section 8, no levy was payable by the person on the person's taxable income and, if the annual arrears amount for the year had been included in the person's taxable income, either no levy would have been payable or the amount of levy would have been reduced;
    - (iii) under section 8, the amount of the levy payable by the person on the person's taxable income was reduced, and would also have been reduced if the annual arrears amount for the year had been included in the person's taxable income;
    - (iv) the person was a prescribed person for at least one day.

Note: For *prescribed person* see section 251U of the Assessment Act.

- (2) For the purposes of subsections 6(1) and 7(1) and (2), the person's taxable income for the year of income is taken not to include the total arrears amount.
- (3) For the purposes of working out, under section 8:
- (a) whether levy is payable by the person on the person's taxable income for the year of income; or

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1 (b) whether the amount of levy payable by the person on the  
2 person's taxable income for the year of income is to be  
3 reduced;  
4 the person's taxable income for the year of income is taken not to  
5 include the total arrears amount.

6 Note: This subsection does not affect the person's taxable income for the  
7 purposes of working out, under section 8, the family income in  
8 relation to a spouse of the person.

9 (4) In this section:

10 *accrual year* has the meaning given by subsection 159ZR(1) of the  
11 Assessment Act.

12 *annual arrears amount* has the meaning given by  
13 subsection 159ZR(1) of the Assessment Act.

14 *eligible lump sum* has the meaning given by subsection 159ZR(1)  
15 of the Assessment Act.

16 *normal taxable income* has the meaning given by  
17 subsection 159ZR(1) of the Assessment Act.

18 *relevant accrual years* means:

19 (a) if there are 2 or more accrual years for the total arrears  
20 amount—the most recent 2 of those years; or

21 (b) in any other case—the accrual year for the total arrears  
22 amount.

23 *total arrears amount* has the meaning given by  
24 subsection 159ZR(1) of the Assessment Act.

## 25 **2 Application of amendment**

26 Section 9A of the *Medicare Levy Act 1986*, as inserted by this Schedule:

27 (a) applies to assessments for the 2024-25 year of income and  
28 later years of income; and

29 (b) applies in relation to accrual years that begin before, at or  
30 after the commencement of this item.