

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates 25-26 February 2009

**Question: aet 26**

**Topic: Medical Expenses Tax Offset**

**Hansard Page: Written**

**Senator SIEWERT asked:**

1. With regard to the medical expenses tax offset why is the amount the same for individuals, couples and families?

**Answer:**

The medical expenses tax offset (METO) provides taxation assistance to taxpayers for the costs of medical expenditure. The offset is available at the rate of 20 per cent of any net medical expenses (that is, medical expenses less available reimbursements, such as Medicare and private health insurance refunds) exceeding \$1,500 in an income year.

Eligible medical expenses include payments to a legally qualified medical practitioner in respect of an illness or operation, and certain other treatments including dental, optical treatment, and some therapeutic treatments and medical aids.

The METO not only covers medical expenses in respect of the taxpayer, but also medical expenses in respect of the taxpayer's resident dependants. As the \$1,500 threshold is the same for all taxpayers, the METO provides relatively more assistance to couples and families as they may incur a lower amount of medical expenses per person to qualify for the METO relative to individuals. This is consistent with the Government's stated aim of providing targeted assistance to families.

The targeted nature of METO allows it to remain fiscally sustainable for the Government while still acting as a safety net for those individuals and families with very high unreimbursed medial expenses.