



## **Factsheet – Centrelink online debt system**

Since July 2016 the Department of Human Services/Centrelink has used a new online system to obtain information from people whose Australian Taxation Office (ATO) records do not match the employment income they reported to Centrelink. It also assesses and calculates any debts they owe.

If you receive a letter from Centrelink telling you to go onto myGov to confirm your income, or are contacted by a debt collector about a Centrelink debt assessed by the online system, this factsheet explains the letters you receive, how the online system works, and where you can find help.

This factsheet provides general information only and may be updated as more information is available about the new online system.

### **I received a letter telling me to go online and check my income**

If the online system detects a difference between the amount of income you reported to Centrelink and the ATO records, it sends you a letter which says “Important Information about your employment income” at the top. It includes the income information Centrelink has received from the ATO and asks you to go online to myGov and use your Centrelink online account to review it before a particular date. You are sent a reminder letter to go on to myGov about a week before the deadline.

You need to use the online system to respond to this letter. If you need help to set up a myGov account and link it to your Centrelink account, you may get some help at a Centrelink office or by calling Centrelink but you will still need to go online to respond to the letter.

If you go online and are having trouble using the system, there is a help button with a “?” icon and if you click on it, you can get more information and the phone number to speak to a specialist Centrelink officer who can help you, including going through the system with you in some cases.

### **Does the letter mean I owe a debt?**

Just because you received a letter asking you to go online to confirm your ATO information, this does not mean that Centrelink is accusing you of fraud. It also doesn’t necessarily mean you owe a debt. It just means there is a discrepancy between Centrelink’s and the ATO’s records. There might be an explanation for this discrepancy, such as:

- You called your employer by a different name from the one the ATO has when you reported your income to Centrelink (eg you used the business or trading name, but the ATO uses the name of the company running the business)
- The employer reported an incorrect period of employment for you to the ATO (eg it said you worked for the whole financial year, but you only worked for part of the year).

When you go online, you will see a list of the information Centrelink got from the ATO. It asks you to confirm whether you worked for the employer and whether the total amount of income is correct.

Next to each employer, there is a column called “action” and a pencil icon. You can click on the pencil to make changes to the period of employment and/or the income eg:

- changing the period of employment to the dates you actually worked, or
- entering more details about your pay (eg pay period, amounts received, work allowances or lump sums).

Although you can get these details from your payslips, you do not need to get your payslips or other documentation from your employer if you are able to give accurate information without it. If you need more time to check the details, you can ask for an extension of time twice through the online system.

**Completing this information in the online system may resolve the issue without the need for you to provide supporting documentation to Centrelink.** If Centrelink needs more information you may get a call from a specialist Centrelink officer.

If you do not go online before the deadline in the letter, the system automatically assesses and calculates a debt by averaging the total income across the period of employment in the ATO records. **It also does this, if you go online and confirm the ATO information is correct, but don't enter the details of your pay and pay period.** This may give you a debt when you should not have one, eg:

- If the ATO has recorded your period of employment as the whole financial year, the system will average your income across the whole year even if you only worked for part of it, or
- If the ATO has recorded the employer's name differently from the name you reported your income to Centrelink under, the system may count your income twice.

This also means that if you don't give the details of your pay and just confirm the ATO information, the system may incorrectly calculate the amount of the debt eg if you were casual and your income went up and down every fortnight. The debt calculated by averaging your income may be larger than the correct amount of the debt, but it may also be smaller depending on the circumstances.

## **Why has a “recovery fee” been added to the debt?**

A recovery fee is a 10% penalty which can be applied if you knowingly or recklessly failed to declare all your income to Centrelink.

The online system automatically adds a 10% recovery fee to the debt if you do not respond to the letter before the deadline.

The online system asks you whether there were “personal factors” that affected your ability to declare your income correctly. If you think there were personal factors that affected you, you should answer this question “yes” so that this is taken into account when deciding whether to add the recovery fee. If you are not sure, you can click on the help button (“?”) and it gives you examples of the kinds of personal factors that can affect people.

## **I did not get a letter and now a debt collector is calling me**

Centrelink sends the letter asking you to check and confirm the ATO information to the last address it has for you. This may not be your current address, especially if it is a while since you received Centrelink payments.

After the deadline in the letter passes, the system automatically calculates a debt based on the ATO information (averaging the income across the period of employment) and adds a 10% recovery fee.

If there is still no response from you, Centrelink may then send your case to a debt collector to find you and arrange for you to repay the debt. Interest may also be applied to the debt.

If a debt collector contacts you, you can still go on to myGov and go through the online process, which may resolve the issue. If you think you may owe a debt, or you are not sure, it may be sensible to set up an affordable repayment arrangement while you are doing this to reduce the risk you incur interest on the debt. If it is later found you do not owe any money, this will be refunded to you. If you are in financial hardship, you can call Centrelink and ask for an extension of time (usually up to 3 months) before you have to start repaying the debt, called a temporary “write off”.

## **I went online but I still have a debt**

After updating your information, the system works out whether you owe a debt and a 10% recovery fee. If this does not seem correct, you can go back and review your answers. There is also extra information about how the debt was worked out, your payment history and income. You can also click on a link to ask a specialist Centrelink officer to call you to explain the debt within 7 days.

If you agree with the debt, you can arrange to repay it. It is important to make a repayment arrangement and start repaying the debt by the due date, otherwise you may incur interest.

After going through the online system, you may still disagree with the debt or be unsure whether it is correct, eg you may have confirmed the ATO information, but you can't provide accurate details about when you worked or your fortnightly pay because you can't remember and can't get the documentation to work it out.

In some cases, even if you owe a debt, you can still appeal eg if you think there are special circumstances in your case.

You may also disagree with the recovery fee or an interest charge.

You can appeal a debt, recovery fee or interest charge for free to a Centrelink Authorised Review Officer and, if your appeal is unsuccessful, to the Administrative Appeals Tribunal. You can get free legal advice about this, including about an appeal, from our member organisations. You can find your local services from our website at [www.welfarerights.org.au](http://www.welfarerights.org.au).

You can also provide feedback or make a complaint about the new online system by:

- Calling Centrelink's feedback and complaints line on 1800 132 468 or online at [humanservices.gov.au/feedback](http://humanservices.gov.au/feedback), or
- If not satisfied with Centrelink's response to your complaint, contacting the Commonwealth Ombudsman at [ombudsman.gov.au](http://ombudsman.gov.au) or on 1300 362 073.