Factsheet – Centrelink’s online compliance intervention

This factsheet is about what to do if you receive a letter or a debt notice from Centrelink’s Online Compliance Intervention (OCI) system, sometimes called the “robodebt” system.

This factsheet provides general information only. It is based on our experience with the OCI system so far. The system is new, and more information may come to light about it which affects what you should do. There is no time limit for appealing a Centrelink debt and you can appeal even if you have already repaid it, so you can still appeal if you realise later that there was something wrong with your debt.

What is the online compliance intervention?

The system was introduced in July 2016. It sends letters to people if the amount they declared to Centrelink does not match Australian Taxation Office (ATO) records. People can confirm or update their earnings information directly into the system. Once the person has entered their information, or the deadline for entering information has passed, the system will calculate how much money the person owes (if any).

How do I know if my Centrelink letter or debt is part of the online compliance intervention?

Not all Centrelink debts are raised by the OCI - many are still investigated and calculated outside the new system. For general information about Centrelink debts see our factsheet (http://www.nssrn.org.au/factsheets/).

So far the system has only been used for people who are current or former recipients of social security payments with employment income discrepancies. However, Centrelink plans to expand it to other forms of income in future (eg business and investment income).

You can tell if you are being contacted by the OCI system if you receive a letter which says “Important Information about your employment income” at the top with information from the ATO attached. If you are not sure whether your debt was raised by the OCI system, you can get free legal advice from our member organisations. You can find your local service from our website at www.nssrn.org.au.

I received a letter telling me to go online and confirm ATO information

This letter means there is a discrepancy between Centrelink records and the ATO’s information. It is important to respond to this letter, even if the ATO information is correct. If you don’t provide your actual income throughout the period (ie pay by pay), Centrelink will use the ATO income to calculate your debt, and this may result in an incorrect debt (especially if you had fluctuating earnings or only worked for part of the year).

The letter gives you a 28 day deadline to go online to review the ATO information (previously 21 days). Originally these letters asked you to go to the myGov website, but now they give you link and a code to access the online system directly.

You will get a number of reminder letters if you do not respond. You can request several extensions of time online or by calling Centrelink (there is no limit on how many extensions Centrelink can give you).

You should try to go online to respond to the letter. If you need help you should ring the dedicated Centrelink 1800 number which is in the letter and also behind the “?” icon in the online system. In our experience, staff in a Centrelink office will not be able to help you and will just refer you back online or to the dedicated 1800
The specialist staff on this number will be able to answer questions and in some cases may be able to help you go through the online system.

What if I don’t respond by the deadline?

However, if you do not respond to the letter by the deadline the OCI system automatically works out a debt by “averaging” the total ATO recorded income amount across the employment period the employer gave the ATO. This may be incorrect if the period of employment is incorrect or if your income was not the same each fortnight. In many cases, the debt worked out this way is higher than the correct amount. However, in some cases it may be lower than the amount you really owe.

The OCI system may also use “averaging” if you go online and do not provide any additional information or only provide information for part of the period.

Does the letter mean I owe a debt?

The letter you receive does not mean Centrelink is accusing you of fraud or even that you necessarily owe a debt. It just means that Centrelink’s records do not match the ATO records. In many cases there is an explanation for this, such as:

- When you reported your income to Centrelink you called your employer by a different name from the name it uses with the ATO (eg you used the business or trading name, but your employer uses the name of the company which owns the business), or

- The employer did not give the ATO the exact period you worked for them (eg it said you worked for the whole financial year, but you only worked for part of the year).

If there is an explanation, it is important to go online and correct or explain the mismatch, even if the ATO data matches your group certificate.

I have a debt, but how do I know if the debt is correct?

Based on our experience so far, the OCI system appears to calculate debts correctly if you provide all the details of your pay during the period. For most people this means entering your fortnightly pay in the online system. You need to enter all the details for the period to get a correct assessment. If you have some unusual payments (eg a termination payment), you should call the 1800 number and speak to a specialist Centrelink officer about how to enter this information.

There have been changes to the system since it was first introduced, so that now once you enter all the information, you get a provisional assessment of whether you owe a debt. If you think this is incorrect you can go back into the system, double check information and make changes if needed. You can then accept the provisional assessment.

There are also several tabs at the end of the online process with more information about how the debt was calculated, the amount of Centrelink payments you received during the period and the income you reported to Centrelink during the period.
What information do I need?

You may not need to get documentation to correct the information online. For example, you can put the actual dates you worked into the online system. If this matches the information you gave to Centrelink in the past, it is likely to be accepted without any need for supporting evidence. If Centrelink needs more information you may get a call from Centrelink.

In other cases, you may need to collect documentation first, such as payslips. If you no longer have this information, you should try to get your old payslips or a summary of pays from your employer. This can be difficult, but you may need it to ensure you get a correct debt assessment.

You can also now enter your net (take home) pay into the OCI system from your bank statements and it will work out your gross pay (as this is the amount Centrelink uses). This seems likely to work for most people, who have standard tax arrangements, but it is unclear to us at this point how it will work if this is not the case (eg you are also paying back a tax debt). You should call the 1800 number and speak to a Centrelink specialist officer. If not satisfied with the explanation you can also get free legal advice from our member organisations about what to do in this situation. You can find your local service from our website at www.nssrn.org.au.

If you need more time to get the information, you can request an extension of time through the online system or by calling the 1800 number.

If you have the information you need but are struggling with the online system, call the 1800 number and ask a Centrelink officer to help you. If you still don’t think you got it right but you have the information, you will be able to get a Centrelink officer to check and recalculate the debt manually by requesting a reassessment or appeal (see below).

What if I can’t get the information I need?

If you cannot get the information you need for any reason, you should ask Centrelink for help by calling the 1800 number. You can also get free legal advice from our member organisations about what to do in this situation. You can find your local service from our website at www.nssrn.org.au.

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

A recovery fee is a 10% penalty which is added to a debt if you failed to report all your income to Centrelink knowingly, recklessly or without reasonable excuse.

The online system automatically adds a 10% recovery fee to the debt if you do not respond to the letter before the deadline. It also adds a 10% recovery fee if you do go online but only confirm the ATO information.

The OCI system has a question about “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. 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 someone’s ability to report their income.
What if I think the debt is incorrect?

If you think your debt was incorrectly calculated by the OCI system, you have a right to appeal to a Centrelink authorised review officer. You may also appeal against the addition of the 10% recovery fee.

You can also appeal against the debt on the same grounds that apply to other Centrelink debts (such as waiver because of administrative error or if you have special circumstances). There is information about this in our factsheets about Centrelink debts and appeals (http://www.nssrn.org.au/factsheets/).

If you provide new information (eg you now have all your payslips), Centrelink will conduct a “reassessment”, which means that the debt will be checked and recalculated based on your payslips or other evidence of your actual income. If you still think the debt is incorrect, you can appeal to an authorised review officer from a reassessment.

In our experience, a reassessment or appeal to an authorised review officer should correct errors made by the OCI system, but only if you provide complete information or evidence about your actual income throughout the period (such as payslips, exact start and finish dates, any unusual payments etc). In some cases you may be able to do this verbally (such as clarifying that two employers are the same), but in other cases you may need your payslips or bank statements.

If you do not agree with the authorised review officer’s decision, you have a free right to appeal to the Administrative Appeals Tribunal (AAT). There is more information about this in our factsheet about appeals (http://www.nssrn.org.au/factsheets/).

An appeal to the AAT is slower than a reassessment or review by Centrelink. If the only issue is error in how the debt was calculated, the AAT may send your debt back to be worked out by Centrelink again, based on any new evidence you gave it. So it may be better to wait until you have all the evidence you need about your actual income and then request a reassessment or authorised review officer appeal. The downside of this approach is that you may have to start repaying the debt (see below).

Repaying the debt

If you agree with the debt, you can arrange to repay it by calling Centrelink’s debt recovery line. It is important to make a repayment arrangement and start repaying the debt by the due date, otherwise Centrelink may add penalty interest to the debt if you are not making repayments and not currently receiving a Centrelink payment.

If you appeal to an authorised review officer, you can ask Centrelink to pause any debt repayments until your review is finished. Be careful to confirm with Centrelink that a pause is in place, as otherwise Centrelink may add penalty interest to the debt.

Feedback and complaints about the new system

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, and
- If not satisfied with Centrelink’s response to your complaint, contacting the Commonwealth Ombudsman at ombudsman.gov.au or on 1300 362 073.