

s 22 - Irrelevant material



Australian Government Services Australia

Debt offsetting during family assistance reassessment, reconciliation and claim processing 007-11060000

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Background

s 22 - Irrelevant material

This document outlines the automatic process of using Family Tax Benefit (FTB), Child Care Subsidy (CCS) arrears, reconciliation top-ups, supplements and FTB lump sum claim amounts and tax refunds to offset outstanding debts.

Offsetting process

Debt recovery processes (known as 'offsetting') that occur as part of FTB and CCS processing, reduce the amount owed to the Commonwealth by families.

Tax refund offsetting that occurs between Services Australia and the Australian Taxation Office (ATO) as part of family assistance reconciliation processing is not related to [tax garnishee processing](#). See Process page, [Table 2, Step 14](#).

FTB amounts used to recover debts

FTB top-ups, supplements, lump sum claim amounts and instalment arrears (all components) may be used to recover the following debts:

- family assistance
- social security
- student assistance, and
- Paid Parental Leave scheme

Newborn Upfront Payment (NBU) can only be used to offset an NBU debt.

Stillborn Baby Payment (SBP) can be used to offset automatically created undetermined, determined or waived (less than \$50) SBP debts. It can also be used to offset family assistance debts if there are no recovery arrangements in place.

This will occur even if the customer has a current repayment arrangement in place.

FTB top-ups, supplements, and lump sum claim amounts partially offset by the agency can then be used by the Australian Taxation Office (ATO) to offset tax debts. If a person disagrees with their family assistance entitlement being used to recover a tax debt, they should be referred to the ATO.

Tax refunds can be used to recover any family assistance debts.

Exclusions from debt offsetting

The following are excluded from debt offsetting in instalment and lump sum claims:

- FTB Bereavement Payment for a deceased child when paid as a lump sum
- NBS entitlement that is being assessed at the high rate due to the child's death

Offsetting may also not apply to debts with certain [temporary](#) or [permanent](#) write offs.

Offsetting will not apply where a customer is impacted by a current declared disaster, and has elected to pause debt recovery, or their debts are:

- temporarily written off [s 47E\(d\)](#) or
- permanently written of [s 47E\(d\)](#)

See the [Writing off Centrelink debts > Resources page](#) for more code information.

Temporary exclusions from debt recovery before offsetting

Customers can ask for a temporary exclusion from debt recovery when receiving FTB arrears, lump sum or top up if:

- the money has not yet been taken from their FTB arrears, and
- there are [sufficient grounds for a temporary exclusion](#)

A decision to temporarily exclude a customer from debt recovery is a policy decision. This means the customer does not have the right to apply for a formal review of the exclusion decision.

See the [Resources](#) page for examples and scenarios.

Supporting customers with family and domestic violence concerns

Many customers contact the agency for help when they are vulnerable and in crisis. The agency is often a gateway for people experiencing family and domestic violence to

access the services, support and payments they need. For customers affected by [family and domestic violence](#), the Family and Domestic Violence Support Model (FDVSM) ensures all customers receive a consistent level of service. See [Family and domestic violence](#).

The FDV Support Model supports staff to:

- proactively identify customers affected by family and domestic violence concerns
- consider the customer's safety and privacy when updating their record
- guide the customer through payments and services they may be able to access
- correctly document family and domestic violence concerns, and
- offer appropriate referrals, information, resources and support

Customer requests a refund after debt offsetting

A refund **cannot** be considered for a **tax refund** that has been withheld to offset/recover a family assistance debt.

A refund can be considered for any FTB instalment arrears, reconciliation or lump sum amounts that have been withheld to offset/recover an existing family assistance, social security, student assistance and Paid Parental Leave scheme debt where there are [unforeseen circumstances](#) which may cause the customer to suffer severe financial hardship.

All or part of the offset amount can be refunded if conditions are met.

Refunds will generally not be considered for the purposes of meeting regular living expenses unless assessed as accumulated under an [unforeseen circumstance](#).

The customer is not to be transferred or referred to the Debt Recovery Team when FTB debt offsetting occurs.

Customers can request a refund without needing to request an explanation or apply for a formal review of the offset decision. If their request for a refund is not approved and they do not understand or do not agree with the offset decision, they can request an explanation or apply for a formal review of the offset decision. See [Initial contact about a decision and the review of decision process](#).

Evidence requirements for a debt offset refund

The circumstances in which a customer will qualify for a debt offset refund without paperwork, are outlined in the Resources tab, including:

- Customer is located in a [current disaster area](#)

- Non-biological child entering customer's care
- Arrears generated by a restoration activity
- EPED change
- Crisis payment granted in the last 14 days
- Processing time of FTB new claim has exceeded 28 days (partial refund)

In these cases the decision to refund may be made by staff without referral to the Level 2 Policy Helpdesk.

In **all other scenarios**, customers must provide third-party professional paperwork that proves the unexpected event has occurred and shows the resultant financial impact.

The [Resources](#) tab contains evidence examples.

The [Resources](#) page contains examples, talking points to help staff respond to customers, tables showing which payments can be used for offsetting which debts, and the timeline for the offsetting processes.

Related links

[Reconciliation of Family Tax Benefit \(FTB\)](#)

[Reconciliation of Child Care Subsidy \(CCS\)](#)

[Family Tax Benefit \(FTB\) reconciliation debts where actual income was used](#)

[Family Tax Benefit \(FTB\) Part A and Part B supplements](#)

[Single Income Family Supplement \(SIFS\)](#)

[Family Tax Benefit \(FTB\) reconciliation or lump sum claim pending](#)

[Processing Family Tax Benefit \(FTB\) lump sum claims](#)

[Reconciliation of Child Care Benefit \(CCB\) for approved care](#)

[Child Care Benefit \(CCB\) reconciliation or lump sum claim pending](#)

[Family assistance reconciliation and lump sum claim screens](#)

[Initial contact about a decision and the review of decision process](#)

[Request for an explanation or application for a formal review](#)

[Using the Internal Review/Explanation script](#)

[Family and domestic violence](#)

Process

This document outlines the automatic process of using Family Tax Benefit (FTB), Child Care Subsidy (CCS), Child Care Benefit (CCB) arrears, reconciliation top-ups, supplements and FTB/CCB lump sum claim amounts, Child Care Rebate (CCR) entitlement and tax refunds to offset outstanding debts.

On this page:

[Offsetting process](#)

[Temporary exclusions, refunds and internal reviews for FTB debt recovery and offsetting](#)

Offsetting process

Table 1

Step	Action
1	Customer request + Read more ... If the customer is enquiring about an: • exclusion from debt offsetting prior to it occurring, go to Step 2 • amount that has already been offset against an outstanding debt, go to Step 4
2	Check the reconciliation status + Read more ... Go to the ^{s 47E(d)} screen. Is the status of reconciliation/lump sum claim/CCR assessment completed or finalised for the relevant financial year? • Yes, go to Step 4 • No, go to Step 3
3	FTB/CCF reconciliation or lump sum claim pending + Read more ... A transaction may be sent to the Australian Taxation Office (ATO) if: • actual income has been received from the ATO, and • the result remains pending for a reason other than ^{s47E(d)} (wait for actual income) or ^{s47E(d)} (other period delay)

	See Criteria for transaction to be sent to ATO. Key s 47E(d) screen to view details of transactions between the ATO and the agency on the s 47E(d) screen. Has a transaction been sent to the ATO? • Yes, go to Step 9 • No, an ATO debt offsetting has not occurred at this time. If the customer is requesting an exclusion from debt recovery before it occurs, see Table 2, Step 1. Otherwise, procedure ends here
4	Debt offsetting has already occurred + Read more ... If debt offsetting has occurred for: • FTB reconciliation, supplements, or lump sum claim amounts, go to Step 5 • FTB instalment arrears, go to Step 8 CCS offsetting remains paused. For CCS reconciliation outcome information, see Customer enquires about CCS reconciliation outcome. Procedure ends here for CCS.
5	s 47E(d) screen + Read more ... For each financial year the s 47E(d) screen displays: • The status of Family Tax Benefit (FTB) and Child Care Benefit (CCF) reconciliation • Lump sum claim assessment • Child Care Rebate (CCR) assessment An amount displayed in the s 47E(d) field does not necessarily mean this amount has been issued to the customer, as it may have been used for offsetting. If the: • result is a debt or nil entitlement, go to Step 6

	- result is a positive amount (that is, reconciliation top-up or lump sum claim payment or rebate payment), go to Step 7 - customer requests a refund or there is a review of the decision to use the reconciliation top-up, supplement or lump sum claim amount to offset the debt, see Table 2, Step 6
6	Debt/nil entitlement + Read more ... Code s 47E(d) screen to view details of transactions between the ATO and the agency on the s 47E(d) screen. Has a transaction been sent to the ATO? Yes, - an FTB reconciliation debt is 'parked' on the s 47E(d) screen until the wash up transaction is returned from the ATO. Go to Step 9 - a CCF reconciliation debt or CCR debt is determined immediately, and DMIS issues an Account Payable. If there is an amount owing after any debt offsetting from any CCB lump sum claim, CCR amount or FTB top-up/lump sum claim amount determined in the same activity, the debt balance is included in the result sent to the ATO. Go to Step 9 No, DMIS has determined the debt and issued an Account payable to the customer. No offsetting from a tax refund has occurred. Procedure ends here
7	Offsetting of FTB reconciliation top-ups, supplements and lump sum claim amounts + Read more ... There is a debt recovery order if the customer has more than one outstanding debt. Offsetting by Centrelink from an FTB amount - To view amounts used to offset reconciliation or lump sum claim debts, code s 47E(d) screen to go to: s 47E(d) or s 47E(d) screen

	○ CCS Withholding for Debt Recovery see s 47E(d) • To view a summary of all FTB debt offsetting that has occurred for the customer, see the s 47E(d) screen • The s 47E(d) screen can be accessed via s 47E(d) , and shows all types of arrears being produced and used by the offsetting process for a particular activity ○ If the Arrears Type is “FTB Reco 20XX-XX” or “FTB Instalments” and the s 47E(d) has an amount in the column, this means the customer’s FTB top up has been used in Family Assistance debt offsetting ○ If the Arrears Type is “ATO Tax refund 20XX/XX” and the s 47E(d) has an amount in this column, this s 47E(d) means the customer’s tax return has been used in the Family Assistance debt offsetting. This amount is unable to be refunded via this process ○ Amounts in the s 47E(d) column cannot be refunded by the Level 2 Policy Helpdesk. Customer’s may wish to pursue this with the ATO • The s 47E(d) screen displays a list of each offsetting occurrence that exists for a particular Centrelink debt in context If: • the customer requests a refund of an FTB amount offset against Centrelink debts see Table 2, Step 7 • there is review of the decision to use the FTB reconciliation top-up, supplement or lump sum claim amount to offset a debt, see Table 2, Step 6 • ATO debt offsetting has applied, go to Step 9
8	FTB instalment arrears offsetting by Services Australia + Read more ... • To view a summary of all FTB debt offsetting that has occurred for the customer, see the s 47E(d) screen

	- The s 47E(d) screen can be accessed via s 47E(d) and shows all types of arrears being produced and used by the offsetting process for a particular activity - The s 47E(d) screen displays a list of each offsetting occurrence that exists for a particular debt in context If the customer requests a refund or there is a review of the decision to use the FTB instalment arrears to offset a debt, see Table 2, Step 6.
9	Transaction sent to ATO + Read more ... The transaction includes either: - FTB reconciliation/lump sum claim entitlement after any offsetting by Services Australia (this may be used by the ATO to offset tax debts), or - Outstanding FTB non-lodger, qualification and reconciliation debts, and CCS/CCB/CCR reconciliation debts determined on or after 1 July 2006. If possible, the customer's or consenting partner's tax refund will be used to offset the debt/s To view details included in the transaction, go to the s 47E(d) screen.
10	Wash up transaction from ATO + Read more ... The s 47E(d) screen shows details of the wash-up transaction returned from the ATO including details of any debt offsetting from a tax refund. It may take the ATO up to 28 days to send a wash up transaction. When the wash up transaction is received: - Debt Management and Information System (DMIS) determines a 'parked' Family Tax Benefit (FTB) reconciliation debt on s 47E(d) screen for the relevant financial year - DMIS records an immediate withholding(s) on the s 47E(d) screen for amount recovered from the tax refund. For relevant year FTB reconciliation/lump sum claim debts, DMIS issues an Account Payable to the customer which shows details of amounts recovered from the tax refund and the balance owing - If a debt has been over-recovered, DMIS creates an immediate withholding against the outstanding FTB/CCF/CCR debt. If there is an

	amount remaining after this process, after all family assistance debts have been recovered, the Debt Recovery Unit will contact the customer for permission to apply the amount against another outstanding debt, or will manually issue the amount to the customer If it has been more than 28 days and the wash up transaction has not been received see ATO information not received for family assistance reconciliation or lump sum claim. FTB entitlement Since 1 July 2009, the ATO no longer delivers the FTB reconciliation or lump sum claim result to the customer. However, the FTB amount, after offsetting by the agency, may be used by the ATO to offset tax debts. Procedure ends here.
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Temporary exclusions, refunds and internal reviews for FTB debt recovery and offsetting

Table 2

Step	Action
1	Temporary exclusion, refund or review of decision + Read more ... If the customer: - requests to be excluded from the debt offsetting process before any money is taken from their FTB arrears, lump sum or top-up payments, go to Step 2 - requests a refund of the amount already used for offsetting, or wants to request an explanation or apply for a formal review of the debt offsetting decision, go to Step 6 - requests an explanation or applies for a formal review of a tax refund already used for offsetting, go to Step 14 - contacts to confirm the outcome of a request for a temporary exclusion or refund, go to Step 12 If the Level 2 Policy Helpdesk requires further evidence from the customer, or requests the customer be contacted to confirm the outcome, go to Step 12.

2	Request for temporary exclusion from debt recovery + Read more ... Temporary exclusion cannot be granted to prevent a tax refund being used to offset or recover a family assistance debt. Where unforeseen circumstances apply which may cause the customer to suffer severe financial hardship, customers can request to be temporarily excluded from debt recovery before any money being taken from their FTB arrears, lump sum, top-up payments. There must be sufficient grounds for a temporary exclusion to be approved. The Resources page contains examples and scenarios. Before considering if a temporary exclusion from debt recovery is required, check the customer's debt/s. This helps determine if they are already written off for a reason that would exclude them from offsetting processes. To check, select the outstanding debt from the s 47E(d) screen. Go to the s 47E(d) screen to check if a write off applies. If it does, write off codes s 47E(d) or s 47E(d) will exclude the customer from families debt offsetting. Write off code s 47E(d) will not prevent debt offsetting. For more information see Writing off Centrelink Debts. Does the customer have a write off applied that excludes them from families debt offsetting processes? • Yes, do not refer to Level 2 helpdesk. The customer will be excluded from families debt offsetting Note: if the customer has a write off which will soon expire (i.e. will expire before reconciliation occurs or new claim granted), consider a determination under unforeseen circumstances. • No, the customers debt recovery is not written off or will expire soon continue Is it clear that unforeseen circumstances do apply? • Yes, the customer may be eligible for a temporary exclusion, go to Step 5 • No, go to Step 3
3	Customer is not eligible for an exclusion from debt recovery before offsetting occurs + Read more ...

If it is clear that [unforeseen circumstances](#) **do not** apply, advise the customer that a temporary exclusion from debt recovery will not be applied.

- **Do not** refer these cases to the Helpdesk
- **DOC** the record with the following:
 - Details of the discussion with the customer and the decision to deny the exclusion for debt offsetting
 - Clearly explain the reason the request was denied
 - Include all details so the decision can be explained if the customer disagrees or makes further contact

If the customer has highly complex needs, or is at risk of suicide or self-harm, [go to Step 4](#).

A decision to not apply an exclusion from debt recovery is a policy decision. This means the customer does not have the right to apply for a formal review of the decision.

If the customer disagrees with the decision to deny the request for a temporary exclusion and insists on escalation:

-  Refer to a Families Local Peer Support (LPS) or Service Support Officer for reconsideration of decision
-  Refer to Team Leader or Service Support Officer for reconsideration of decision
-  Refer to Social Work Support Manager for reconsideration of decision

Action for Local Peer Support (LPS)/Team Leader/Service Support Officer/Social Work Support Manager

Has new information been provided or did the original decision not comply with the guidelines?

- **Yes**, [go to Step 5](#)
- **No**, [s 47E\(d\)](#)

. Record the outcome of the reconsideration of the decision in a **DOC**

4	Consider social work referral + Read more ... Consider a social work referral if the customer has highly complex needs. This can include (but is not limited to) the following: • customers at risk of suicide or self-harm, see Customers talking about suicide or self-harm • young people without adequate support • customers experiencing family and domestic violence See the Resources page for more information on definitions and roles. If social work referral is appropriate, see Referral to a social worker. Procedure ends here.
5	Temporary exclusion from debt recovery before offsetting occurs + Read more ... If the customer may be eligible for or requests a temporary exclusion from debt recovery: • Service Officers/Social Workers may need to seek evidence of the unforeseen circumstance from the customer • If evidence is required, it must be: ○ provided by the customer, and ○ scanned/uploaded to the customer's record before referring for action/decision DOC the record with details of the discussion and referral before sending to National Families and Child Care Level 2 Policy Helpdesk via existing escalation protocols. Include in the referral: • the Line Manager details in s 47E(d) field of the Level 2 Enquiry • the period for which the customer has requested to be excluded based on the unforeseen circumstance that may cause the customer severe financial hardship. This must not be for a period longer than 12 months The Resources page contains a link to Level 2 Policy Helpdesk Referral.

	When customer contact is required to confirm the outcome of the temporary exclusion, the Helpdesk will respond to the referring officer. The referring officer will need to arrange for the original Service Officer to re-contact the customer. It is not in scope for the Helpdesk to undertake customer contact. If the request for temporary exclusion is denied by the Level 2 Policy Helpdesk, the customer can only request a review of the debt offsetting decision after debt offsetting occurs. This review does not include tax refunds. A refund cannot be considered for a tax refund that has been used to offset/recover a family assistance debt. Procedure ends here.
6	Customer requests an explanation or applies for a formal review of the decision, or requests a refund + Read more ... FTB reconciliation top-ups, lump sum claim amounts or FTB instalment arrears will be used to repay family assistance, social security, student assistance and Paid Parental Leave scheme debts. Discuss the decision to use the FTB arrears, reconciliation or lump sum amount to offset the debt. If the customer: • requests a refund of FTB instalment arrears, reconciliation or lump sum amounts used to offset a debt, go to Step 7 • requests an explanation or applies for a formal review of decision for: ○ a lump sum used to repay a tax debt, go to Step 14 ○ tax refund offsetting, go to Step 14 ○ FTB instalment arrears, reconciliation or lump sum amounts used to offset a Family Assistance or Social Welfare debt, go to Step 15
7	Customer requests a refund of FTB instalment arrears, reconciliation or lump sum amount used to offset a debt + Read more ... Do not transfer or refer the customer to a Debt Recovery Team or the ATO. This does not apply to the offsetting of various FTB components to arrive at a reconciliation result for the relevant year. Customers can request a refund without needing to request an explanation or apply for a formal review of the offset decision. If their request for a refund

	is not approved and they do not understand or do not agree with the offset decision, they can request an explanation or apply for a formal review of the offset decision. See Initial contact about a decision and the review of decision process. A refund request will generally not be approved to meet regular living expenses unless there is evidence of unforeseen circumstances. Ensure there are sufficient grounds for refunding the offset amount before considering escalation for refund. To determine if the customer is eligible for a refund of the offset amount, check with the customer what their circumstances are. If any of the following applies, evidence of the event and financial impact is not required and the decision to refund can be made by the officer without escalation to the FCC Level 2 Policy Helpdesk: • Customer is located in a current disaster area, or • A non-biological child has entered customer's care (check claim details or the ^{s 47E(d)} screen), or • Arrears have been generated by a restoration activity (check ^{s 47E(d)}), or • An EPED change has triggered a small arrears payment, or • A crisis payment has been granted in the last 14 days, or • Processing time of an FTB new claim has exceeded 28 days (partial refund) The Resources page contains more information and examples. If the customer has experienced Family and Domestic violence, ensure the ^{s47E(d)} Fast Note is placed on the record. See Family and domestic violence. Is the customer affected by one of the scenarios above? • Yes, the Service Officer may refer directly to Debt Recovery go to Step 13 • No, the customer will need to meet criteria, including being affected by a qualifying recent event and providing evidence to confirm resultant hardship. Go to Step 8
8	Financial impact following a qualifying event + Read more ...

	Customer does not qualify for an automatic refund approval and will need to demonstrate they have been affected recently by an unforeseen circumstance. Staff must not escalate refund requests to the Level 2 Policy Helpdesk for general hardship or ongoing/regular expenses. Is the customer impacted financially as a direct result of the event? • Yes, go to Step 9 • No, go to Step 11
9	Evidence received to support the event + Read more ... The Resources tab contains examples of suitable/unsuitable evidence for some of the more commonly requested reasons. Bank statements are generally not acceptable evidence. Has the customer uploaded relevant and legible evidence to confirm the event occurred, as well as receipts/invoices to show how they were financially impacted? • Yes, the customer may be entitled to a refund for the lesser amount of the refund available and the total amount shown in the relevant evidence, go to Step 10 • No, do not send the request to Level 2 Helpdesk yet ○ Ask the customer to upload evidence of how the unforeseen circumstance has financially affected them for assessment ○ Tell them they are not eligible and will need to contact once evidence uploaded ○ Procedure ends here
10	Refer case to the National Families and Child Care Level 2 Policy Helpdesk + Read more ... • Use the online enquiry form to refer the case to the National Families and Child Care Level 2 Policy Helpdesk. Include in the referral: ○ the refund amount requested ○ what the refund will be used for ○ details of the unforeseen circumstances

	○ the costs and how these have contributed to financial hardship ○ evidence to support the unforeseen circumstances and the resultant costs • Include the Line Manager details in s 47E(d) field of the Level 2 Enquiry Document the record using Fast Note - select s 47E(d) Do not refer the customer directly to the helpdesk. Once the Level 2 Policy Helpdesk has made a decision about the refund: • Contact the customer to advise them of the decision • Annotate the s47E(d) DOC including reasons for the request being approved/rejected. This must include enough detail for the next Service Officer to understand the decision • If the request for refund is ○ approved, go to Step 13 ○ rejected, procedure ends here
11	Not eligible for a refund + Read more ... Where there is not sufficient grounds for refunding the offset amount, do not refer these cases to the Level 2 Policy Helpdesk. • Tell the customer their request for refund is not approved • If the rejection is because of: ○ lack of evidence and the customer disagrees or does not understand, encourage them to seek better paperwork and contact again once this has been uploaded. These cases may be re-referred to Level 2 without the need for an appeal ○ exceptional circumstance/qualifying event criteria not being met, advise of their internal review options • Record the decision in a DOC including reasons for the rejection. This must include enough detail for the next Service Officer to understand the basis for the decision

	• Procedure ends here
12	Confirmation of decision + Read more ... Customers may contact to confirm the decision on: • their request for a temporary exclusion from debt offsetting, or • their request for a refund due to debt offsetting The s 47E(d) screen provides: • a summary view of all manual recovery exclusions on a customer's record • access to the s 47E(d) screen for details of the manual recovery exclusion Temporary exclusion or refund outcome The level 2 Policy Helpdesk will respond to the referring officer, who will need to arrange for the original Service Officer to contact the customer. The Helpdesk does not make customer contact. If the helpdesk denies the request for temporary exclusion, the customer can request a refund with evidence or apply for a formal review of the offset decision after debt offsetting occurs. Procedure ends here.
13	Refer record to Debt Recovery Team to process refund + Read more ... • Create an open DOC. Use Fast Note - select s 47E(d) • Complete all fields of the Fast Note, including the s47E(d) where the offset has occurred • Helpdesk enquiry number to be included. This is not applicable if: ○ the Service Officer has delegation to grant the refund (see Resources) ○ the decision to refund is made by an ARO ○ the customer has been granted a disaster related or crisis payment in the last 14 days, or

	the customer is impacted by a current declared disaster where the end date for 'flexible repayment choices' has not yet been reached Any referrals without all of the required information will be returned to the originating officer for correction. For more information, see Refunding debt payments.
14	Tax debts and Tax debt offsetting + Read more ... Lump sum used to repay a tax debt If the Australian Taxation Office (ATO) has withheld a family assistance lump sum to repay a tax debt, the customer should be referred to the ATO if they want the decision reviewed. Tax refund offsetting A refund cannot be considered for a tax refund that has been used to offset/recover a family assistance debt. Tax refund offsetting that occurs between Services Australia and the ATO as part of the family assistance reconciliation process is not related to tax garnishee processing. There are no legislative provisions in place that allow the agency to refund any amount of tax credit to a customer. The agency cannot review a decision made by the Commissioner of Taxation. When a customer wants to apply for a formal review of a decision to use a tax refund for debt offsetting: - advise the customer the decision is not reviewable - offer other available options, for example lodging a complaint, or referral to external support services do not refer these cases to the Level 2 Policy Helpdesk Do not transfer or refer the customer to the Debt Recovery Team.
15	Request for an explanation or application for a formal review of a decision to use FTB instalment arrears, reconciliation or lump sum amounts to offset a debt + Read more ... Customers can request a refund without needing to request an explanation or apply for a formal review of the offset decision. If their request for a refund is not approved and they do not understand or do not agree with the offset

	decision, they can request an explanation or apply for a formal review of the offset decision. See Initial contact about a decision and the review of decision process. If the customer requests an explanation or applies for a formal review of the offset decision, run the s47E(d) and include: s 47E(d) A SME will provide the explanation. An ARO will undertake the formal review.
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References

Policy

[Family Assistance Guide, 6.4, Reconciliation](#)

[Family Assistance Guide, 7.2.5, Debt recovery from income tax refund](#)

[Family Assistance Guide, 7.2.3, Debt recovery from FA entitlement](#)

Legislation

Links to the Federal Register of Legislation site go to a 'Series' page. Select the 'Latest' version.

[A New Tax System \(Family Assistance\) \(Administration\) Act 1999](#)

- Part 4, division 2, section 71, Debts arising in respect of family assistance other than child care benefit and family tax benefit advance
- Part 4, division 3, section 82(1), Methods of recovery
- Part 4, division 3, section 84, Deductions from debtor's family tax benefit
- Part 4, division 3, section 87, Application of income tax refund owed to person
- Part 4, division 3, section 93, Application of income tax refund owed to another person
- Part 9, section 226, Setting off family assistance entitlement against tax liability

Resources

Spreadsheet

Do not share this attachment externally. See [Freedom of Information - Information Publication Scheme](#).



[Lockdown and Disaster Debt Pause Master Spreadsheet](#)

Examples and delegations - Refund/manual exclusion of an offset amount

Refunds and exclusions

Table 1: this table contains examples of when it would be appropriate to refund an amount used to offset a reconciliation debt and consider a manual exclusion from debt offsetting.

Item	Refunds and exclusions
1	Customer impacted by a current declared disaster • Customer is experiencing financial hardship • Customer is located in a current disaster area No evidence is required.

	A decision may be made to approve the refund of the total amount offset against the recovery of the debt or grant an exclusion up until the end of the disaster period. For refunds Service Officers do not need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk. Refer record to Debt Recovery Team to process refund. See Process page, Table 2, Step 13. For exclusions Service Officers need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk. See Process page, Table 2, Step 10.
2	Family and Domestic Violence A recent Family and Domestic Violence incident alone does not meet criteria for refund without demonstration of financial impact. Where financial impact occurs after family and domestic violence, this must be confirmed by the following evidence: s 47E(d)

	s 47E(d) For refunds Service Officers do not need to refer cases to the National Families and Child Care Level 2 Policy Helpdesk where there is clear evidence of both recent FDV and financial impact. Refer record to Debt Recovery Team to process refund. See Process page, Table 2, Step 13. For exclusions Service Officers need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk. See Process page, Table 2, Step 10. If needed, customers who are vulnerable or have highly complex needs including family and domestic violence can be referred to a Social Worker for further assistance.
3	Non-biological child entering care Where grandchild or foster child comes unexpectedly into care, a decision may be made to approve the refund of part or the total amount offset against

	the recovery of the debt or grant an exclusion. Check ^{s 47E(d)} or s 47E(d) to confirm the child's relationship to the customer. For Refunds Service Officers do not need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk. Refer record to Debt Recovery Team to process refund. See Process page, Table 2, Step 13. For exclusions Service Officers need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk. See Process page, Table 2, Step 10. Note: A biological child entering care does not meet criteria for a refund or exclusion, except where there has been more than a 28 day delay in processing. See Resources, Table 2 Step 3.
4	Child medical Where a medical condition (such as autism/ADHD or similar) is suspected and the customer is embarking on a diagnosis/assessment journey, a decision may be made to approve the refund of part or the total amount available, or grant an exclusion. Evidence Child medical example ^{s 47E(d)} Or, if customer is seeking refund for recent medical costs following injury or new illness, evidence must show an out-of-pocket cost after Medicare rebate. Medical invoice example If the invoice shows no bulk billing and confirms customer had to recently pay an amount out of pocket, the document is suitable and would qualify the customer to a refund. Hospital discharge example

	Most hospital discharge papers only contain care or rehabilitation instructions for the patient and while these confirm a visit to the hospital, they normally do not show out of pocket costs. Customer would need more information about costs incurred. For refunds Service Officers do not need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk. Refer record to Debt Recovery Team to process refund. See Process page, Table 2, Step 13. For exclusions Service Officers need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk. See Process page, Table 2, Step 10.
5	Adult Medical In some cases, the customer and/or their partner may suffer unexpected medical costs associated with a recent illness or injury. This could be Xrays/MRIs not covered under Medicare and/or Specialist appointments. The customer will need to supply evidence of the recent illness or injury and any out of pocket expenses they have incurred or are likely to incur. Note: customer will need to provide receipts/invoices or quotes that contain the Medicare portion as well as the out of pocket amount. If the costs have already incurred, Medicare claims history is available on a customer's Medicare Online Account or their Express Plus Medicare mobile app. Evidence Adult medical example A document showing only test results or a medical procedure would not allow approval because there is nothing to show what the customer had to pay. Note: if a customer is a public patient there will be little to no cost directly related to a medical procedure. For refunds and exclusions Service Officers need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk. See Process page, Table 2, Step 10.
6	Family illness/caring responsibilities

	Where a customer advises an immediate family member residing in another state has become critically ill and the customer needs to travel for caring responsibilities of the family member the customer may be eligible for a refund or exclusion. Customer will need to provide medical evidence that details the requirement for caring responsibilities as well as approximate financial impact that will be incurred. For refunds and exclusions Service Officers need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk once evidence has been supplied. See Process page, Table 2, Step 10.
7	Funeral expenses A customer may seek a refund or exclusion to assist with funeral costs or travel associated with a funeral. Evidence will need to be supplied to demonstrate the financial impact to the customer. For refunds and exclusions Service Officers need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk once evidence has been supplied. See Process page, Table 2, Step 10.
8	Multiple events A customer may contact the agency to request a refund of their family assistance top-up which was used to partially recover an existing family assistance reconciliation, social security, student assistance or Paid Parental Leave scheme payment debt. s 47E(d)

	s 47E(d) Refer to the additional information for sufficient grounds for approving a temporary exclusion from debt offsetting and the unforeseen circumstances that has caused financial hardship. The customer's financial situation on its own would not be sufficient grounds for refunding the offset amount. s 47E(d) Service Officers need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk. See Process page, Table 2, Step 10.
9	House Fire/Property Damage The customer advised all their home contents including their partner's protective clothing required for work were destroyed in a house fire and they cannot afford to replace them. They are requesting a refund of the full amount of their top-up for the following reasons: s47E(d) A decision can be made to approve the refund of the total amount offset against the recovery of the debt as the fire is seen to be an unforeseen event and they are significant financial impact. The customer will need to supply evidence of the Property Damage and: s47E(d) Service Officers need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk. See Process page, Table 2, Step 10.

10	Vehicle damage and repairs Vehicle damage and repairs are generally not eligible for refund unless the customer can provide evidence of: s47E(d) General replacement of perishable items, even those outside of regular servicing does not meet criteria for refund or exclusion. Evidence Vehicle repair example Customer may qualify if evidence showed expenses for a s47E(d) Car service example Car servicing is not unexpected and tyres or other replacement parts are generally considered “perishable” items. Customer would not qualify for a refund for these expenses. For refunds and exclusions Service Officers need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk. See Process page, Table 2, Step 10.
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Refunds only

Table 2: this table contains examples of when it would be appropriate to refund an amount used to offset a family assistance debt

Item	Refunds
1	Arrears after restoration Where FTB arrears are generated by a restoration activity (s 47E(d)): No evidence required of hardship or unforeseen event required to be refunded up to of one fortnight’s worth of regular FTB entitlement

	Evidence required of an unforeseen circumstance for any further refund to be considered Service Officers do not need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk. Refer record to Debt Recovery Team to process refund. See Process page, Table 2, Step 13.
2	ARO decisions Where ARO decision has been made to refund an amount, Service Officers do not need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk. Refer record to Debt Recovery Team to process refund. See Process page, Table 2, Step 13.
3	Claim processing delays Where it has taken the agency more than 28 days to grant FTB following a claim being lodged or notification of additional child entering care a decision may be made to approve refund of half the total offset amount. This is available even when the child entering care is a biological child of the customer. Service Officers do not need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk. Refer record to Debt Recovery Team to process refund. See Process page, Table 2, Step 13.
4	EPED Change Entitlement Period End Dates (EPED) has been changed and a lump sum amount is offset against a debt, a decision may be made to approve the refund. Service Officers do not need to refer the case to the National Families and Child Care Level 2 Policy Helpdesk. Refer record to Debt Recovery Team to process refund. See Process page, Table 2, Step 13.
5	Marital status changes

	Customer has recently separated and FTB new claim arrears are used in debt offsetting. Customer requests a refund because bills are now harder to pay and customer is struggling with rent, school fees and other regular expenses. A separation by itself is not considered unforeseen exceptional for the purposes of a refund. This is because a certain hardship is expected following the drop from two incomes to one. However, refund or exclusion maybe approved in very limited circumstances: s47E(d) Staff must discuss the nature of the separation as well as the evidentiary requirements. Appropriate family breakdown cases should only be referred to Level 2 Policy Helpdesk once evidence has been scanned. See Process page, Table 2, Step 10.
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Exclusions only

Table 3: this table contains examples of when it would be appropriate to consider a manual exclusion from debt offsetting.

Item	Exclusions
1	Regular living expenses A customer contacts the agency to request an exclusion from using their Family Tax Benefit (FTB) arrears payment to recover an existing social welfare debt. The customer is expecting an arrears payment when their FTB claim is finalised. They are concerned it will be used to pay a social welfare debt they

	have. They advise they need the payment to be excluded from debt offsetting because: • they have a number of outstanding bills • they have no available funds in the bank After referring to the additional information for sufficient grounds for approving a temporary exclusion from debt offsetting and the unforeseen circumstances that has caused financial hardship, it is found the criteria are not met. These reasons are considered general living expenses and are not unforeseen. The customer should be referred to local support services for assistance. Requests for temporary exclusion from debt offsetting are to be rejected by the Service Officer in the first instance. No referral should be made to Families and Child Care Level 2 Policy Helpdesk in this instance.
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Talking points - Frequently asked questions

Table 4: this table contains talking points to assist network staff when responding to customers.

Customer question	Suggested response
How much of my FTB payment will be used to pay my debt?	We'll recover as much of the outstanding amount of your debt as we can from your FTB reconciliation top-up, supplement, instalment arrears or lump sum claim amount.
Does this apply to me? I already have a payment arrangement in place for my debt.	Yes, it applies even if you have a current payment arrangement. If you still have an outstanding debt balance after we use your FTB reconciliation top-up, supplement, instalment arrears or lump sum claim amount to reduce your debt/s, your arrangement will continue. Once your debt is fully recovered your arrangement will automatically cease.
Can I just contribute a percentage of my FTB?	No. If you don't want us to use these payments to recover the money you owe,

	you need to pay back the full amount of your debt.
Is there any way I can get this payment? There are circumstances beyond my control.	We can consider a temporary exclusion if you are experiencing special circumstances and are in severe financial hardship. You may be required to provide evidence to support this.

Offsetting sources for debts that may be repaid

Table 5: this table contains a list of debts which may be paid through various family assistance payments. All CCB/CCR references relate to financial years before 2018-19.

Offsetting source	May be used to repay FTB non-lodger, qualification and reconciliation debts	May be used to repay CCB reco debts	May be used to repay CCR debts for 2006-07 onwards	May be used to repay Tax debts	May be used to repay Social Security debts	May be used to repay CCS debts (not in operation)
FTB reconciliation top-up, including FTB Part A and Part B supplement	Yes	Yes	Yes	Yes, if ATO can include offsetting in the customer's tax assessment	Yes	Yes
FTB lump sum claim	Yes	Yes	Yes	Yes, if ATO can include offsetting in the customer's tax	Yes	Yes

				assessment		
FTB instalment arrears	Yes	Yes	Yes	No	Yes	Yes
FTB Bereavement payment	No	No	No	No	No	Yes
Newborn Supplement (NBS)	Yes	Yes	No	No	Yes	Yes
Newborn Upfront Payment (NBU)	No, NBU can only be used to repay an NBU debt	No	No	No	No	No
SIFS standalone claim	Yes	Yes	Yes	Yes, if ATO can include offsetting in the customer's tax assessment	Yes	Yes
Stillborn Baby Payment (SBP)	SBP can only be used to repay an SPB debt unless there is no current recovery arrangement in place	No	No	No	No	No

CCS reconciliation top-up	No	Yes	Yes	No	No	Yes
CCB reconciliation top-up	No	Yes	Yes	No	No	Yes
CCB lump sum claim	No	Yes	Yes	No	No	Yes
CCR for 2006-07 onwards	No	Yes	Yes	No	No	No
Tax refund of customer or consenting partner	Yes	Only CCS/CCB debts determined on or after 1 July 2006	Yes	Yes	No	Yes

Eligibility for recovery

Table 6: this table groups debts based on those that are eligible or not eligible to be recovered from Family Tax Benefit (FTB) instalment arrears, reconciliation top-up (including supplements) and lump sum payments.

Debt Raising Authority/Debt Type	Eligible to be recovered
ADM = Administrative payments	Yes
FAE = FA & Oth Amend (SKB) Act 2012	Yes
FAO = Family Assistance (Admin) Act 1999	Yes
PPL = Paid Parental Leave Act	Yes
SAA = Social Security (Admin) Act	Yes

SSA = Social Security Act	Yes
STU = Student Assistance Act	Yes
BOA = Bonus for Older Australians	No
CCA = Child Care Act	No
EMG = Not applicable (EMG)	No
FMA = Financial Management Act	No
GSR = Not applicable (GSR)	No
GST = Not applicable (GST)	No
INT = International Recovery	No
OGD = Other Government Department debts (Recovery only)	No
ITD/ITR = Internal Transfer Debts	No

Scenarios - Temporary exclusion from debt offset or refunding debt offset amounts

Table 7

Item	Scenarios
1	Scenario 1 A customer in rental accommodation advises they have to move house as they have been evicted from their current address due to the non-payment of rent. The refund is sought to pay for bond and upfront rent at the new premises. The landlord is not refunding the bond due to damage sustained to the property. The non-payment of rent is not an unforeseen circumstance and was contributed to by the customer. On this basis, a temporary exclusion from debt offsetting could not be made. However, if the non-payment of rent was due to a s 47E(d), a temporary exclusion from debt offsetting could be granted. The customer would be expected to exhaust other avenues of bond assistance available through

	their state housing authority before having a temporary exclusion considered.
2	Scenario 2 A customer's Family Tax Benefit (FTB) top-up is used to offset their existing FTB debt. However, an immediate family member residing in another state becomes critically ill and the individual is required to travel to assist them. This is an unforeseen event s47E(d)
3	Scenario 3 A customer's FTB top-up \$1,500 is used to offset an outstanding FTB debt. The customer is now seeking to have the amount refunded due to a higher than expected electricity bill. This is considered a general living expense and is not an unforeseen circumstance. The customer should be referred to local support services for assistance and encouraged to contact their electricity provider to discuss alternate repayment arrangements.
4	Scenario 4 A customer's Family Tax Benefit (FTB) top-up of \$800 is used to offset their existing FTB debt. Their child has been suspected of having ADHD and Autism and needs numerous specialist appointments to confirm the diagnosis and commence treatment. The customer is seeking to have the amount refunded due to the cost of the required appointments. This is an unforeseen circumstance s47E(d)
5	Scenario 5 A customer has had their grandson enter their care unexpectedly after issues at home. The customer had their FTB top-up of \$1100 used to offset an existing debt. The customer has to urgently buy bedroom furniture, clothes and school uniform for their grandchild.

	This is an unforeseen circumstance s47E(d)
6	Scenario 6 A customer flees their home with their children due to family and domestic violence. The customer has taken out a DVO against their ex-partner. The customer's FTB top-up was taken to offset an existing debt. s47E(d) s 47E(d) You must follow the process outlined in Separating safely - protecting personal details to ensure the customer is not put at risk,s47E(d)
7	Other general circumstances Other circumstances for refund of an offset amount: • Where an ARO has been made to refund, no further approval is needed. Send a Fast Note to debt recovery as per Table 2, Step 13 • If the arrears were generated by a restoration activity (s 47E(d)), up to the equivalent of one fortnight's worth of regular FTB entitlement can be refunded without demonstration of hardship or a qualifying circumstance • Where a claim has been lodged that has taken more than 28 days to grant, half the arrears can be refunded • When an EPED change produces a lump sum amount can be refunded as the system is not supposed to take these arrears for offsetting

Helpdesk referrals

[Level 2 Policy Helpdesk Online Policy Query Referral](#)

See **My Level 2 Policy Helpdesk Requests > New Level 2 Enquiry** for a link to the form

Training & Support

Add the course number to the s 47E(d) field in the [Learning Portal \(LMS\)](#) in ESSentials:

- s 47E(d)
 - FTB Reconciliation
 - Reconciliation tool
 - Explaining Reconciliation Outcomes
 - Reconciliation referrals and reviews

Family Assistance - Unforeseen circumstances

When assessing Family Assistance payments, unforeseen means unexpected and could not possibly have been known by the customer in advance. In some cases the Service Officer may need to decide whether a situation could have been foreseen by a customer.

Unforeseen circumstances include, but are not limited to:

- Loss of possessions due to fire, flood or other forces of nature
- Removal expenses or bond money, where relocation becomes necessary due to an unforeseen circumstance, such as:
 - to care for ill or disabled relatives
 - family breakdown s47E(d)
 - family and domestic violence
- Illegal eviction from their home, where due legal notice was not provided and the customer in no way contributed to the eviction. This does not include cases where the customer must move accommodation due to being evicted because of non-payment of rent
- Medical emergencies (including emergency dental) and medication for a new condition (excluding regular and non-life threatening ongoing medication or treatment where the expenses are unchanged)
- Expenses relating to a confirmed job offer (for example, essential clothing or equipment) where the customer is not entitled to a Special Employment Advance (SEA)
- A non-biological child unexpectedly entering care

Unforeseen circumstances do not include:

- Being released from prison
- Regular dental check-ups or orthodontic work (braces)
- Reduction in shifts or end of contract