

Recruitment and Employee Transactional Services

Recovery of overpayments

Factsheet for employees

How overpayments occur

Each fortnight your roster information (shift times, overtime, leave and allowance details) are signed off by your manager and sent electronically to HealthShare NSW Recruitment and Employee Transactional Services (RETS) for processing. Your roster information, combined with your employee record in StaffLink, generates your fortnightly pay.

While NSW Health has processes in place to ensure that employees receive their correct salary, occasionally information is incorrect or other errors occur, resulting in salary overpayments. When overpayments occur, health agencies and overpaid employees have a shared responsibility to recover the overpayment amounts.

Overpayment provisions in NSW Health Awards

NSW Health Awards include specific provisions for the recovery of salary overpayments. Where a salary overpayment is identified:

- the employee is to be advised of the amount of the overpayment, how it occurred, and when it will be recovered
- unless undue hardship exists:
 - one-off overpayments will be recovered in the next normal pay
 - cumulative overpayments will be recovered at a minimum of 10% of your gross fortnightly base pay
- where an employee separates from NSW Health with an outstanding salary overpayment, the overpayment will be automatically deducted from monies owing to the employee on separation.

How overpayments are recovered

- For one-off overpayments, your manager will advise you of the overpayment, which will normally be recovered in the next pay. On occasion, one off overpayments will be recovered after you receive a letter from RETS.
- When cumulative overpayments occur (i.e. overpayments that are more than one-off), your manager will usually contact you to let you know. Once your manager notifies RETS and requests that the overpayment recovery process be followed, you will receive a letter which outlines the overpayment amount, how the overpayment occurred, and when recovery from your pay will commence.

Undue hardship

To apply for undue hardship you must provide evidence of unusual or exceptional circumstances of a substantial nature limiting your ability to repay at the usual rate. Unusual or exceptional circumstances might include things like unplanned medical bills or an inability to meet reasonable living expenses.

How to repay

For quick resolution of an overpayment, full repayment can be made by EFT (electronic funds transfer) or cheque. Where full repayment has not been made by the due date, automatic deductions will commence from your pay, at 10% of your gross base pay. This amount may be increased by completing the *Application to Vary Recovery Rate* form.

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Disputing the overpayment

If you wish to dispute the details of your overpayment prior to the commencement of repayments, you should speak to your manager and/or local Workforce/HR manager in the first instance. If further information is required, including specific details of the overpayment, your manager can contact RETS on 1300 679 367.

If you wish to dispute the overpayment or overpayment amount, you should contact your Workforce/HR manager to outline why you disagree. Where the overpayment is in dispute, the matter will be referred to your health agency's Workforce/HR unit to make the final decision (Director Workforce or equivalent).

Taxation implications

For information about any tax implications associated with your overpayment, you should seek the advice of an independent financial advisor, or visit the Australian Taxation Office (ATO) website: <https://www.ato.gov.au/>

Overpayments made in the current financial year

Where the overpayment relates to the current financial year, the net amount of the overpayment may be repaid where it is repaid in one lump sum. In all other circumstances the gross amount of the overpayment must be repaid.

Overpayments made in previous financial years

Where an overpayment is identified from a previous financial year, an amended payment summary will be provided so that you can apply to the ATO to seek a reassessment of your tax return for that year.

Fringe Benefit Tax (FBT) liability

If you receive an overpayment which you are not legally entitled to and are obliged to repay, the taxable value of the loan benefit may incur a reportable FBT liability. This FBT liability will be included in your payment summary and, while it is not included in your assessable income, it is included in a number of income tests.

You are responsible for seeking independent financial advice in relation to the overpayment situation and the effect this may have on FBT liability, including any salary packaging arrangements (reportable fringe benefits).

Further Information

For further information:

- Speak to your manager or Workforce/HR manager in the first instance
- Contact RETS on 1300 679 367.