

4.7 Continuity or finalisation of repayment plans

Employees are to contact Payroll Recovery Services to discuss alternative arrangements to ensure continuity of existing repayments under an approved repayment plan, or repayment of the outstanding overpayment or loan in full, if the employee is:

- intending to be seconded or transferred to another Queensland government agency
- intending to take a period of leave without pay
or
- ceasing employment (refer to section 4.5).

5 Escalation

Payroll Recovery Services will escalate matters in accordance with this section where the standard recovery processes established in this policy are not successful in resolving the case.

5.1 Disputed overpayments

When an employee disputes the existence and/or accuracy of an overpayment following the case management process, the matter will be reviewed internally within Payroll Recovery Services.

If, after this review, the employee continues to dispute the overpayment, they may request that a formal review is undertaken. A formal review is to be undertaken either by the Manager, Payroll Recovery Services (or delegated officer) or Payroll Customer Connect. The reviewing officer will be determined by the Manager, Payroll Recovery Services, and will be independent of any officer with substantive involvement in the case.

The employee may appeal the findings of a formal review to the ORG (refer to section 2). Employees must provide specific reasons for appealing a formal review. To remove all doubt, some substantive error or omission must be identified by the employee to support their appeal.

5.2 Refusal to engage

When an employee does not engage in the recovery process and/or acknowledges the overpayment and/or loan, but refuses to enter into a repayment agreement, the matter is to be escalated by Payroll Recovery Services. An employee who is exercising their rights under this policy is not refusing to engage.

In the case of current employees, Payroll Recovery Services may:

- request advice and/or direction from the ORG (refer to section 2)
- seek assistance from the employee's local human resources unit and/or line manager to assist in the case management process.

In the case of former employees, the case may be referred to an external third party to commence debt recovery and/or legal proceedings.

6 Waiver and write-off

Overpayments and loans cannot simply be reduced, waived, or written-off. All circumstances are to be fully investigated and reasonable recovery action taken with respect to overpayments and loans. The delegate must only waive or write-off overpayments and loans in exceptional circumstances in accordance with the Waiving and writing off overpayments and loans Guideline.

To remove all doubt, exceptional circumstances **do not** include:

- financial hardship alone (although it may be a relevant consideration)
- ignorance that the overpayment or loan existed
- lack of fault or intention on the part of the employee.

7 Complaint resolution

If an employee has a genuine concern that their case has not been managed in accordance with this policy, they may submit a complaint in writing to the Manager, Payroll Recovery Services. A response to the complaint will be provided in writing to the employee within 21 days.

The outcome to the complaint may be appealed to the ORG (refer to section 2). Employees must provide specific reasons for appealing. To remove all doubt, some substantive error or omission must be identified by the employee to support their appeal.

This section does not prevent or otherwise restrict other rights to lodge complaints which may exist in other policies, legislation or industrial instruments.

8 Taxation

Overpayments and loans may have income tax, fringe benefits tax and salary packaging implications for employees. It is the employee's responsibility to understand any such implications. Queensland Health is unable to provide financial or taxation advice. Refer to Attachment Three for further information.

9 Superannuation

Compulsory superannuation contributions relating to an overpayment need to be recovered as an employee was not entitled to have those amounts transferred to their superannuation fund. Queensland Health will attempt to recoup these amounts directly from an employee's superannuation fund at the time an overpayment is identified, where this is possible and lawful. If this is not successful, in the case of:

- an employee contribution, this amount will not increase the amount payable by the employee as this contribution was deducted from their salary in the first instance.
- an employer contribution, this amount will become an additional overpayment due and payable to Queensland Health.

Generally, Queensland Health:

- can recoup superannuation contributions directly from QSuper except in the case of former employees who have closed their accounts.
- is unable to recoup superannuation contributions directly from superannuation funds other than QSuper in any circumstances.

10 Financial accountability

Overpayments and loans are recognised by the Department of Health, not the individual Queensland Health entity (e.g. Hospital and Health Service) in which the employee worked or is working. As such, all authority to deal with overpayments and loans, such as negotiating repayment plans or waiving or writing-off balances, is restricted to Department of Health officers.

In accordance with the Department of Health's Financial Management Practice Manual, Payroll Recovery Services is responsible for the management of all overpayments and loans to which this policy applies. Specifically, Queensland Health entities are not authorised to waive or write-off overpayments or loans to which this policy applies. In circumstances where a Queensland Health entity considers it appropriate to deal with a specific employee's overpayments and loans in a

particular manner, the request must be submitted to Payroll Recovery Services to be considered in accordance with this policy.

Definitions:

Automated repayment process	An automated process implemented in the Queensland Health payroll system for the recovery of new overpayments (refer to section 4.3).
Case management	Process where an employee works with a case manager from Payroll Recovery Services to resolve their case (refer to section 4.6).
Cease employment	Any circumstance in which employment arrangements between an employee and Queensland Health are terminated, including as defined in section 951(1) of the <i>Industrial Relations Act 2016</i> : An employee ceases to be an employee if, on ceasing employment the employee is entitled to be paid an amount for untaken leave; and whether or not the employee subsequently begins new employment, or resumes previous employment including employment on a casual basis.
Continuing employee	As defined in section 947 of the <i>Industrial Relations Act 2016</i> : An employee who, immediately after ceasing to be an employee, begins new employment, or resumes previous employment on any basis.
Corporate Pay Up To Date Loan	A loan offered and paid to employees to support the pay date alignment which occurred during the implementation of the legacy LATTICE payroll system between 1996 and 2002. Repayment terms were established in a written agreement between Queensland Health and the employee.
Employee	“Health employee” as defined in section 947 of the <i>Industrial Relations Act 2016</i> : A public service employee whose employment is with Queensland Health or a person who is a health service employee under the <i>Hospital and Health Boards Act 2011</i> , section 67. Includes current and former employees.
Final payment	As defined in section 947 of the <i>Industrial Relations Act 2016</i> : The total amount owing to the employee by Queensland Health on the day the employee ceases to be an employee, including unpaid wages, or any other amount payable in relation to employment, to which the employee is entitled. However, the final payment for a continuing employee includes only the component of the total amount mentioned in the previous sentence is the amount the employee is entitled to be paid for untaken leave.
Fringe benefit	As defined in section 136(1) of the <i>Fringe Benefits Tax Assessment Act 1986</i> (Cth): A benefit provided to an employee (including past, present and future employees) or an associate of an employee, in a form other than salary and wages.
Gross base salary	Base or standard fortnightly salary amount at the employee’s substantive classification level prior to any pre-tax salary packaging deduction . This amount does not include overtime payments, shift penalties, higher duties and some allowances.

Gross salary	Amount paid to an employee in a specific fortnight prior to any pre-tax salary packaging deduction , including but not limited to, ordinary hours, overtime payments, shift penalties, higher duties and allowances.
Hardship	Challenging circumstances which prevent an employee from meeting the standard repayment rate and meet reasonable and immediate family living expenses (refer to section 4.2).
Hardship repayment plan	A repayment plan which does not meet the standard repayment rate which has been requested and approved due to hardship (refer to section 4.2).
Historical overpayment	An overpayment that is not a new overpayment.
Interim cash payments	Payments made to employees via cash, cheque or EFT (via the finance system) who received no or substantially less than their entitlements following implementation of the new payroll system in 2010. Interim cash payments became debts due and payable to Queensland Health when the outstanding entitlements are paid to the employee through the payroll system.
Loans	Loans to employees when Queensland Health altered the corporate pay date arrangements. See Pay Date Change Loan and Corporate Pay Up To Date Loan.
New overpayment	An overpayment made on or after 14 August 2012 and identified within 12 months of being made (refer to section 4.3).
Overpayment	As defined in section 948(1) of the <i>Industrial Relations Act 2016</i> : An amount paid to an employee or a former employee in relation to employment, or purportedly in relation to employment, to which they were not entitled. Includes new overpayments, historical overpayments and interim cash payments.
Pay Date Change Loan	A loan paid to employees unless they opted out when the pay date was changed in October 2012.
Pay advice	A statement detailing wage payments and deductions occurring within a corresponding fortnight. Also known as payslip.
Pay advice notification	A message included on a pay advice to notify the employee of a new overpayment and/or upcoming commencement of payroll deductions.
Queensland Health entity	Hospital and Health Service or division of the Department of Health.
Self-assessment	Form used to request a hardship repayment plan (refer to section 4.2).
Self-initiated repayment plan	A repayment plan initiated voluntarily by a current employee through myHR (refer to section 4.3).
Standard repayment rate	The minimum repayment amount (refer to section 4.2).
Untaken leave	As defined in section 947 of the <i>Industrial Relations Act 2016</i> : Leave, including for example, annual leave or long service leave, that, immediately before an employee ceases employment, they are entitled to be paid and have not taken.

Wages	<p>As defined in schedule 5 of the <i>Industrial Relations Act 2016</i>:</p> <p>(a) an amount payable to an employee for—</p> <p style="margin-left: 20px;">(i) work performance, or to be performed, by the employee; or</p> <p style="margin-left: 20px;">(ii) a public holiday; or</p> <p style="margin-left: 20px;">(iii) leave the employee is entitled to; or</p> <p style="margin-left: 20px;">(iv) termination of employment; or</p> <p>(b) a salary; or</p> <p>(c) an amount payable from wages for the employee, with the employee's written consent.</p>
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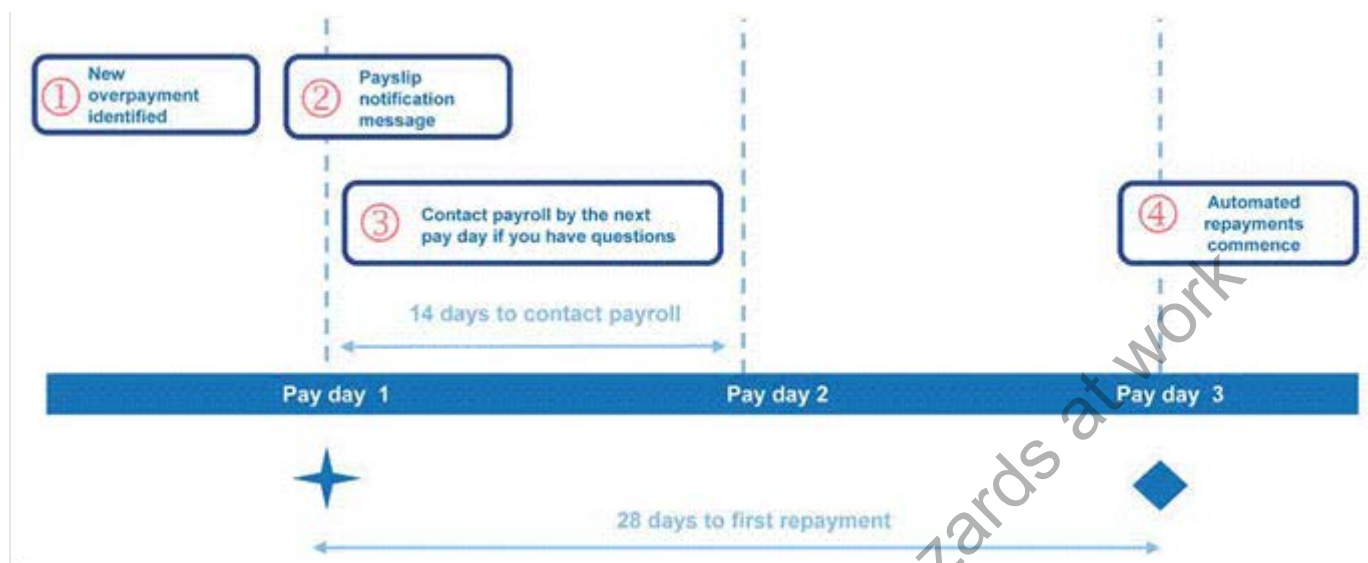
History:

April 2022	<ul style="list-style-type: none"> • Policy updated as part of the HR Policy review <ul style="list-style-type: none"> – Policy amended to: formatted as part of the HR Policy review – amended to update references and naming conventions – amended to incorporate <i>Industrial Relations Act 2016</i> amendments
July 2013	<ul style="list-style-type: none"> • Amended to incorporate: <ul style="list-style-type: none"> – sections 391(4), 396C and 396D of the <i>Industrial Relations Act 1999</i> – section 12A of the <i>Industrial Relations Regulation 2011</i>.
May 2013	<ul style="list-style-type: none"> • Amended to: <ul style="list-style-type: none"> – incorporate new <i>Industrial Relations Act 1999</i> section 396A Recovery of health employment overpayments – outline the automated repayments process to be implemented via the Queensland Health payroll system for the automated recovery of overpayments that occur on or after 14 August 2012 – update taxation sections.
April 2010	<ul style="list-style-type: none"> • Developed as a result of the HR policy consolidation project and in accordance with ATO rulings.
Previous	<ul style="list-style-type: none"> • IRM 6.1-1 Recovery from Employees of Amounts Overpaid – Due to Absences • IRM 6.1-2 Recovery from Employees of Amounts – For Other Reasons

Attachment One – Responsibilities - employees, line managers and Payroll Recovery Services

Employees	<p>Employees are responsible for:</p> <ul style="list-style-type: none"> • checking their fortnightly pay advice to confirm that payments are accurate • immediately notifying Payroll Transactional Services of any discrepancy in their pay advice or in the amount credited to their bank account • contacting Payroll Recovery Services to discuss alternative arrangements to ensure continuity of existing repayments under an approved repayment plan, or repayment of the overpayment debt in full, as required under this policy • providing information and documentation to support any application for hardship repayment plan under this policy • actively participate in the recovery process • repaying any overpaid wages.
Line Managers	<p>Line managers are responsible for:</p> <ul style="list-style-type: none"> • contacting Payroll Transactional Services immediately if they identify a discrepancy in their records that may result in an overpayment to an employee • actively supporting Payroll Recovery Services in determining repayment arrangements • providing guidance for overpaid employees and advocating on their behalf in the discussion process, if required • completing and submitting relevant payroll forms to Payroll Transactional Services in a timely manner, to advise of any changes to: <ul style="list-style-type: none"> ○ an employee's leave without pay (particularly if extending existing periods of leave without pay) ○ employee terminations ○ other employment related issues that could have an impact on an employee's pay, e.g. change of standard hours, change in position.
Payroll Recovery Services	<p>Payroll Recovery Services is responsible for:</p> <ul style="list-style-type: none"> • proactive case management of historical overpayments • reactive case management (where requested) of new overpayments • contacting an employee to ensure appropriate alternative repayment arrangements are discussed if the employee does not make alternative arrangements to ensure continuity of repayments under this policy • re-commencing deductions from an employee's fortnightly wage as agreed in the repayment agreement when an overpayment continues to exist after an employee returns from leave without pay • providing the Overpayments Review Group with confidential reports of overpayment records.

Attachment Two – Automated repayments timeframes



Notes

If a new overpayment is identified (1), a notification will appear on the employee's pay advice (2). See example below.

The employee must contact Payroll Recovery Services if they have any questions about the overpayment before the next pay day (i.e. within 14 days of when the notification appeared on their pay advice) (3).

Automated repayments will commence two pay periods (28 days) after the notification appeared on the employee's pay advice (4).

Example overpayment and pay advice notification

Adjustments From Previous 4 Pay Periods - Description	Date	Units	Rate	Amount
Sick Leave	11.10.2021	4.08	70.5237	287.74
NP Sick Leave	11.10.2021	3.52		0.00
NP Sick Leave	12.10.2021	7.60		0.00
NP Sick Leave	14.10.2021	7.60		0.00
Fortnightly Salary	17.10.2021	22.80-	70.5237	-1,607.94
Sub total:				-1,320.20
Total Adjustments From Previous Pay Periods (Gross Overpayment)				-1,320.20
Deductions (Including Tax and Superannuation) Adjusted Due To Overpayment				+676.01
New Overpayment Identified This Pay Period - To Be Recovered (Net)				-644.19

You have a new overpayment

- This pay period, it was identified that **you have previously been overpaid**. This may have been because adjustments were made to your shifts, allowances or penalties for a previous pay period.
- The new overpayment amount is shown on the right hand side of this payslip (under the Deductions box) as '**New Overpayment Identified This Pay Period (See Over) – To Be Recovered (Net)**'.
- Automated repayments** will commence in two pay periods (**28 days** from this pay date). The repayment amount will be up to **15% of your gross base salary** at the time the repayments commence.
- If you are already repaying an overpayment, you may be contacted to discuss your repayment arrangement.

For more information, contact **Payroll Recovery Services**:

Log an enquiry in Streamline

Email: CES-PayrollRecoveryServices@health.qld.gov.au

Telephone: 1800 239 074 - press 3 (8am - 5pm, Monday to Friday)

Attachment Three – Taxation implications of overpayments and loans

1 Income tax – overpayments

The overpayment of wages is not a fringe benefit at the time of payment, due to the exclusion of wages from the definition of a fringe benefit. The amount overpaid will be reflected initially as taxable wages with pay-as-you-go (PAYG) tax withheld.

However, once it is identified and acknowledged that the employee is not entitled to an amount paid, the overpayment will no longer be treated as taxable income of the employee. Adjustments will be made accordingly such that the overpaid amounts are not reflected in the employee's Income Statement (2019-20 financial year onwards) or Payment Summary (prior to 2019-20 financial year).

If the overpayment:

- was made in the same financial year in which it was identified, Queensland Health will recoup any PAYG income tax withholding directly from the Australian Taxation Office (ATO) and the employee needs only repay the net amount of the overpayment
- was made in a previous financial year to which it was identified:
 - Queensland Health is unable to recoup any PAYG income tax withholding from the ATO and the employee must repay the gross value of the overpayment
 - the relevant Income Statement or Payment Summary will be amended to reduce the employee's taxable income (but not PAYG tax withholding)
 - Queensland Health will issue the amended Income Statement or amended Payment Summary
 - the employee may then apply to have their annual income tax return re-assessed with the lower taxable income.

For further information, refer to the [ATO website \(https://www.ato.gov.au/Business/PAYG-withholding/In-detail/Repayment-of-overpaid-amounts/\)](https://www.ato.gov.au/Business/PAYG-withholding/In-detail/Repayment-of-overpaid-amounts/).

2 Loan fringe benefit – overpayments

If the employee does not repay the overpayment immediately, a loan fringe benefit arises and may be subject to Fringe Benefits Tax (FBT). The loan fringe benefit arises because of the interest advantage the employee receives from the overpaid wages.

A loan fringe benefit relating to an overpayment arises from:

- in the case of overpayments made in the new payroll system (i.e. after 8 March 2010) and identified on or after 1 July 2012, from the pay date on which the overpayment is identified and notified on the pay advice.
- in the case of overpayments made in the new payroll system (i.e. after 8 March 2010) and identified before 1 July 2012, the earliest of the date:
 - a repayment agreement was entered into in writing
 - repayments commenced (if no written or explicit agreement)
 - Queensland Health formally advised the employee of the overpayment and the need to repay.
- in the case of overpayments made in the legacy LATTICE payroll system, the earliest of the date:
 - a repayment agreement was entered into in writing
 - repayments commenced (if no written or explicit agreement).

2.1 Taxable value

The taxable value of the loan fringe benefit relating to overpayments is the notional amount of interest that would accrue based on the daily balance of the wages overpayment outstanding and the statutory interest rate applicable for the FBT year (1 April to 31 March). The statutory interest rate is determined by the Taxation Commissioner each FBT year.

No actual interest is payable on these loans. The statutory interest is required to be used to calculate the taxable value of the loan fringe benefit only.

When the taxable value of wages loan fringe benefits is less than \$300 in an FBT year with respect to an employee, Queensland Health will apply the minor fringe benefit exemption where possible per loan category.

3 Loan fringe benefit – loans

A loan fringe benefit arises in the case of outstanding Pay Date Change Loans and Corporate Pay Up To Date Loans as they are interest free loans provided by Queensland Health to be repaid in the future. The taxable value is calculated in the same way as for loan fringe benefits relating to overpayments, however Queensland Health **is not** able to apply the minor fringe benefit exemption in relation to these loans.

4 Debt waiver fringe benefit

Depending on the circumstances, a debt waiver fringe benefit may arise if Queensland Health waives an outstanding overpayment or loan because of the employment relationship. The taxable value is the amount waived. Queensland Health will apply the minor fringe benefit exemption for amounts less than \$300 per employee per FBT year per loan category.

5 Salary packaging impacts

Employees may need to be mindful of the possible implications for their salary packaging arrangements if they are eligible to access the \$17,000 grossed up taxable value (GUTV) public hospital FBT exemption cap.

The requirements of Public Sector Industrial Relations Circular C1-18 Arrangements for salary packaging (as amended from time to time) should be noted in this regard.

Given that FBT is an employer tax, the Queensland Government has allowed salary packaging to occur only when employees meet any FBT incurred. Employees may therefore receive salary packaging fringe benefits to the level which takes them to \$17,000 (GUTV) when added to any non-salary packaging fringe benefits (i.e. if they are eligible to access the FBT exemption cap), or otherwise be liable for the FBT.

The Government has approved a variation to salary packaging policy such that fringe benefits relating to certain loan categories can be excluded when determining whether the employee is liable for any FBT incurred in excess of the FBT exemption cap.

The variation applies to Pay Date Change Loans and overpayments made on or after 24 March 2010. It does not apply to the Corporate Pay Up To Date Loan and overpayments made in the legacy LATTICE payroll system. Refer to fact sheets available from Finance Branch in the Department of Health and Payroll Transactional Services for further information.

When the employee is not eligible to access the FBT exemption cap (e.g. Department of Health employees), and/or is not participating in the salary packaging arrangements, any FBT incurred with respect to wages overpayment loan fringe benefits is to be borne by Queensland Health in any case.

6 Reportable fringe benefits amount

Depending on the amount, a loan fringe benefit and debt waiver fringe benefit may also need to be included in the Reportable Fringe Benefits Amount (RFBA) on the employee's Income Statement or Payment Summary for the relevant financial year.

The Australian Taxation Office (ATO) does not include the RFBA as income when processing employees' tax returns. An RFBA does, however, have the potential to affect income tests for various Australian Government benefits and surcharges. These include:

- Medicare levy surcharge
- superannuation co-contribution
- higher education loan program (HELP) and student financial supplement scheme (SFSS) debt reductions
- tax offsets for contributions to a spouse's superannuation
- child support deductions
- entitlement to certain income tested government benefits, such as those provided by Centrelink.

Employees are strongly recommended to consider seeking independent financial advice regarding their individual circumstances.

Managing the risk of psychosocial hazards at work
Code of Practice 2022
applies 1 April 2023