

|  |
| --- |
| Rent setting and rebate operational guideline |
| Assessable incomes V 2.2September 2023 |
| OFFICIAL |

# Revision history

Department of Health

| Version | Amended section | Effective | Details |
| --- | --- | --- | --- |
| 1.0 |  | August 2018 | Date of IssueIncorporation of version control table |
| 1.1 |  | February 2019  | Self-employed income:* Inclusion of ride share drivers
* Top up to appropriate Centrelink rate
* Correction of assessable and non-assessable income types to align with HiiP
 |
| 1.2 | Accessible income types | March 2020 | Introduction of Job Seeker Payment type |
| 2.0 | Throughout | October 2021 | Updated template, Terminology changes and additional parental income types to align with HiiP |
| 2.1 | Assessable income types | May 2023 | Updating list of assessable income types at 15 per cent to include maintenance |
| 2.2 | Self employed | September 2023 | Updated advice on self employed assessments and information on top up rate of Centrelink paymentsUpdate of non assessable income to include lump sum payment for renters impacted by the public housing towers lockdownVisual examples to support calculation of incomes for assessment. |

## More information

To find out about housing options visit the [Housing website](http://www.housing.vic.gov.au) <http://www.housing.vic.gov.au> or contact your local [Housing Office](http://www.housing.vic.gov.au/contact-a-housing-office) <http://www.housing.vic.gov.au/contact-a-housing-office>.

To receive this publication in an accessible format contact Homes Victoria <enquiries@homes.vic.gov.au>.

This guideline contains some links to internal resources used to support staff in applying these operational guidelines which will not be accessible for external parties reading this document.

Authorised and published by the Victorian Government, 1 Treasury Place, Melbourne.

© State of Victoria, Department of Families, Fairness and Housing, September 2023.

ISBN: 978-1-76130-374-6 (pdf/online/MS word)

Available on the [Rent Setting and Rental Rebates](https://providers.dffh.vic.gov.au/rent-setting-and-rebate-operational-guideline-assessable-income) page on Services Providers website < https://providers.dffh.vic.gov.au/rent-setting-and-rebate-operational-guideline-assessable-income>.

# Contents

[Revision history 2](#_Toc85717776)

[Contents 3](#_Toc85717777)

[When do these operational guidelines apply? 4](#_Toc85717778)

[Employment income 4](#_Toc85717779)

[Breaks in or cessation of employment 6](#_Toc85717780)

[Income from savings and investments 7](#_Toc85717781)

[Gifts and winnings 11](#_Toc85717782)

[Family payments 12](#_Toc85717783)

[Incomes paid by overseas governments 13](#_Toc85717784)

[Compensation and related payments 14](#_Toc85717785)

[Appendix 1: Assessable and non-assessable income 17](#_Toc85717786)

[Primary incomes: assessed at 25 per cent 17](#_Toc85717787)

[Family incomes: assessed at 15 per cent 20](#_Toc85717788)

[Non-assessable incomes 20](#_Toc85717789)

# When do these operational guidelines apply?

This operational guideline should be read in conjunction with [Rent setting and rebate operational guideline: Overview](https://providers.dhhs.vic.gov.au/rental-rebate-manual) <https://providers.dhhs.vic.gov.au/rental-rebate-manual>. It provides departmental staff with practice instructions to use when assessing household income. For a complete list of assessable and non-assessable incomes, refer to [Appendix 1.](#_Appendix_1:_Assessable)

## Employment income

Employment income includes wages, payments in kind and self-employed income.

When Centrelink applies income testing to determine eligibility for assistance, income is determined by the amount a client earns, derives or receives for their own use or benefit. There is no different treatment of income if it is from wages or self-employment.

### Wages

The income received from wages from full, part-time or casual work is included as assessable income. Seasonal workers have their rebate entitlement reassessed as changes in income occur in the same way as renters in receipt of wages.

For household members who are participating in Centrelink’s Income Confirmation Service (IC), the department receives information from Centrelink via the six monthly automated IC batch process. A snapshot of the client’s income is taken, and the wages are recorded according to the details from Centrelink at that point in time. For example, Centrelink can report the fortnightly earnings for the current payment period (fortnight) for a casual wage earner, or an annual salary.

The IC batch process is unable to provide an average gross weekly income amount if the household member receives fluctuating income through casual earnings. When a household member requests a manual reassessment of their weekly payment amount as outlined in [Rent setting and rebate operational guideline: Overview](https://providers.dhhs.vic.gov.au/rental-rebate-manual) <https://providers.dhhs.vic.gov.au/rental-rebate-manual> a rebate application is required to be submitted and all incomes are averaged over 13 weeks and the weekly payment amount is applied to the tenancy.

Where the Centrelink income statement displays an annual wage amount, 13 weeks of income details are not required and the weekly gross amount is calculated by dividing the figure by 52 weeks.

Household members who receive a wage and are not in receipt of a Centrelink income are also required to provide the department with a minimum of 13 weeks of consecutive payslips or an income statement signed by the employer stating the gross income received including overtime, shift allowances, bonuses and any ‘one off’ special payments received. Gross income details can also be provided for the period since the last rebate assessment.

Documentation provided must include:

* the date they commenced employment
* the total gross wages if they have been employed for less than 13 weeks
* 13 weeks gross wage statement or 13 weeks of consecutive payslips.

Once the average weekly income from the wages is calculated, other incomes for the same client are also averaged over the same 13 week period. The total incomes are combined to determine whether there is a total increase or decrease in household income. The effective date of the wage earner’s income is then applied as follows:

* if the wage average results in a decrease in income, the effective date of this income is the start date of the first payslip in the period
* If the 13-week average results in an increase in income, the effective date used for the income is the end date of the period of the last payslip. This ensures that the wages affect the weekly payment amount from the relevant Fixed Rent Effective Date (FRED).

### Payments in kind (fringe benefits/salary sacrifice)

The Department of Families, Fairness and Housing (the department) includes all income received as payments in kind as part of a salary sacrifice arrangement such as school fees, superannuation or health care, or the use of a company vehicle or free rent, the department includes the value of these payments as primary income to calculate the rebated rent, by adding these amounts to the gross income of the person receiving these payments/benefits.

### Self-employed income

Self-employed persons generally run their own business and receive income generated by the business. Income from self-employment is assessable by the department for the purposes of calculating weekly payments.

Renters or residents who work at home but receive their income from an employer are assessed as self-employed unless they are permanent employees, in which case they are treated as wage earners. This must be confirmed with the employer prior to the rebate assessment taking place.

From 23 November 2008, consistent with a Centrelink determination, a taxi or ride share driver is classified as self-employed whether they own the taxi licence or work as a Bailee.

Some self-employed persons receive a part pension or allowance from Centrelink or may earn extra income from other sources. The department uses the client’s Centrelink income statement to determine their self-employed income. The frequency of the payment on a Centrelink income statement or on an IC single service generated statement is shown next to the amount and a weekly figure is calculated for the purpose of the rebate assessment. See below for an example of a calculation used in a rental rebate assessment.

For the purposes of assessing a person’s weekly payment amount, where a self-employed client’s total combined income, including income from the business is less than the Centrelink entitlement and the client is not in receipt of a Centrelink income, the department ‘tops up’ the client’s income to an amount equivalent to the entitlement of what they would be eligible to receive from Centrelink.

Non-Centrelink clients who are self-employed are required to provide their latest 13-week profit and loss statement certified by an accountant. If the renter does not have an accountant, a statutory declaration completed by the household member is required declaring the information provided in the profit and loss statement is true and correct.

For non-IC participants the following documentation may also be requested, for example, when a household member commences or ceases self-employment during a financial year or the renter requests their weekly payment amount to be reviewed for the whole financial year:

* projected profit or loss statement (including statutory declaration where the renter does not have an accountant) where the household member has recently commenced self-employment
* a letter from the accountant or a statutory declaration confirming the commencement or cessation of the business
* copy of Income Tax Returns (submitted to the Australian Taxation Office) for both the business (Form P and/or C) and personal return (Form I)
* copy of 13 week Business profit and loss statement (including statutory declaration where the renter does not have an accountant)
* copy of the Notice of Assessment.

The Centrelink entitlement is the payment the recipient would be eligible to receive in order to supplement the self employed income. To determine the Centrelink entitlement amount and how it is calculated staff can refer to the Centrelink and Veterans Affairs pension and allowance weekly income charts on the [Public Housing Resources SharePoint](https://dhhsvicgovau.sharepoint.com/sites/Publichousingresources/SitePages/Centrelink.aspx). <https://dhhsvicgovau.sharepoint.com/sites/Publichousingresources/SitePages/Centrelink.aspx>.

When applying the Centrelink entitlement amount staff will use the income type ‘TOPP’ (Top Up). This is the amount of income required to bring the combined Business income to the equivalent Centrelink entitlement. The top-up amount is the difference between the other incomes and the Centrelink entitlement. To determine the amount of TOPP, the amount must be calculated based on Centrelink’s current rates, including calculation of any income thresholds.

In cases where the business is running at a loss, Self-employed income can be recorded as $1.00 and the remaining amount. being the difference between the self employed income and the relevant Centrelink entitlement, can be entered as TOPP. An example of the calculations used is available below.

**Note:** Staff can refer to Services Australia’s [Payment and Service Finder](https://www.centrelink.gov.au/custsite_pfe/pymtfinderest/paymentFinderPage.jsf?wec-appid=pymtfinderest&wec-locale=en_US#stay) page to determine the correct entitlement a self employed client is eligible to receive < https://www.centrelink.gov.au/custsite\_pfe/pymtfinderest/paymentFinderPage.jsf?wec-appid=pymtfinderest&wec-locale=en\_US#stay>.

**‘Top up’ income example**

This example demonstrates the calculation required for a self employed renter eligible to receive the Job Seeker payment.

|  |  |
| --- | --- |
| Male profile with solid fill | John is a sole renter living in public housing. When completing a rebate to determine John’s weekly payment amount staff must calculate what he is eligible to receive from Centrelink.  |
| Taxi with solid fill | John drives a taxi and earns $250 a week. John is considered self-employed and provided a profit and loss statement with his rebate form. John does **not** receive any other forms of income, including Centrelink. |
| Handshake with solid fill | As John earn $250 a week, he is **eligible** for a **Job Seeker Payment** (JSP)**.** John’s JSP would start at **$346.55**, with this amount reducing based on how much self-employed income he has earnt. John has decided **not** to claim this entitlement from Centrelink.  |
| Register with solid fill | The department calculates John’s rent using the ‘topped up’ income amount he is eligible to receive from Centrelink. The ‘top-up’ is calculated the same way Centrelink would calculate John’s JSP if he reported his income.  |
| Money with solid fill | John can earn up to $75 before his payments would reduce. Calculation:250-75 = $175 of assessable income.The payment amount John would receive is calculated using $175 of assessable income per week.  |
| Questions with solid fill | For every dollar of income between $75 and $128, the entitlement will be reduced by 50 cents:John earns **$53 of assessable income** over the $75 threshold and below $128 ($128 - $75 = $53). This means the entitlement is reduced by **$26.5** (53 x 0.5 = $26.5) |
| Remote learning maths with solid fill | For every dollar of income over $128, the entitlement is reduced by 60 cents:John earns **$47 of assessable income** over the $128 threshold ($175 — $128 = $47)This means the entitlement is reduced by $28.2 (47 x 0.6 = $28.2) |
| House with solid fill | What **amount of Job Seeker Payment** is John **eligible** for based on his weekly income of $250 a week? $26.5 + $28.2 = $54.7 reduction from the rate of entitled JSP payment**John’s ‘Top up’ income used to calculate his rental rebate is $291.85** ($346.55 – 54.7 = $291.85) |
| Quill with solid fill | When recording the weekly payment amount staff can use the following calculations for John’s ‘Top up amount’. $250 - $75 = $175 $128 – 75 = $53 53 x 0.5 = $26.50 175 – 128 = 47 47 x 0.6 = $28.20$28.20 + $26.5 = $54.70 $346.55 – $54.70 = $291.85  |

**Note**: The calculations may vary depending on the amount of self employed income received and the relevant Centrelink entitlement (for example, the Job Seeker rate is different for a single person with children).

## Breaks in or cessation of employment

When assessing eligibility for a rebate, there may be a period where the client is not earning income from their employment due to a break or cessation of work. The following practice instructions should be followed.

### Ongoing employment with periods of non-payment

Where a renter or resident has an ongoing employment contract and includes an unpaid period such as enforced holidays, the rebate is reassessed again from the Sunday following the recommencement of work and the new weekly payment is applied from this date.

For example, school crossing supervisors who have a 12-month contract but are not required to work during school holidays. During this period, assess the rebate entitlement based on the evidence of income submitted for that period. If income documents are not provided, the application is considered incomplete and the rebate is cancelled. The tenancy will pay the property’s market rent from the next FRED unless the requested documentation is submitted.

### Household member has been retrenched or voluntarily left employment

Where a household member has been retrenched or has voluntarily left their employment, Centrelink benefits usually commence after a waiting period. The department continues to assess the rebate entitlement on the income before the household member was retrenched or voluntarily left employment. The household member may submit a rebate application with 13 weeks of wage statements if they received fluctuating income and the weekly payment amount is adjusted as per the fluctuating wages practice instruction in this manual.

Documentation is required from Centrelink confirming the commencement date of Centrelink benefits. The department will record the effective date for the income change date as the date that Centrelink payments commenced.

### Liquid assets waiting period

Where household members are subject to the Liquid Assets Waiting Period (LAWP)[[1]](#footnote-1) due to assets other than termination payments, the department applies the Centrelink deemed interest rate to the resultant assets to obtain a weekly interest income amount.

Where the resulting income is less than the relevant Centrelink income that the renter would otherwise receive, the difference is imputed to align the income to the relevant Centrelink rate for which the client is eligible. The code IBEN is used for this purpose.

If the household member is subject to the LAWP due to termination payments, the department continues to impute the household member’s previous income and the weekly payment continues to be charged until Centrelink payments to that household member commence. At this point the household income is reassessed with an effective date of the first Centrelink payment.

### Household members on strike

If a household member who is a wage earner is on strike or is stood down as a result of strike action, the weekly payment amount does not change during this period. The department continues to assess the rebate entitlement on the income before the strike.

### Leave without pay

The weekly payment for household members who choose to take leave without pay (including extended maternity leave without pay) is based on the income received prior to the commencement of the ‘leave without pay’ period, until the Centrelink payments to that household member commence at which point the household income is reassessed with an effective date of the first Centrelink payment.

## Income from savings and investments

To determine the value of income from savings or investments such as bank savings and bonds, the department applies Centrelink’s deemed interest rates and includes this as assessable income.

The appropriate deemed interest rate used by Centrelink for the period the rebate is being assessed regardless of the actual interest earned. The total annual amount is then divided by 52 weeks to obtain the weekly interest amount to be used in the rebate assessment.

Centrelink will report a client’s interest income from savings and investments on a Centrelink statement whether manually obtained by a client from Centrelink or obtained through single service enquiry by the department.

The department uses the interest income information listed on a client’s Centrelink statement to incorporate in a rebate assessment. The asset figure is not used in the calculation\* as Centrelink calculates the interest. Where there is an asset listed on a Centrelink statement and no interest income figure, further investigation may be required. Some assets such as real estate may be listed on a Centrelink statement but may show no associated interest income.

Non-Centrelink clients are required to submit their most recent bank book or bank statement covering a minimum eight-week period showing all account holders’ names and balance of the account. Interest of less than $1.00 per week is not considered to be assessable income.

### Shares

Income from shares is included in determining assessable income.

The department uses the current deemed interest rate to calculate the interest income for the rental rebate assessment where a household member has shares in a company. The benchmark interest rate on the total value of the shares is used in the assessment. On this basis, the actual dividends which are distributed every quarter or half-yearly to shareholders are not included as assessable income when calculating the weekly payment to be charged.

See below for an example of the calculation required to determine the deemed interest rate. This is based on a household member who receives an Age pension of $485.75 per week and is holding 500 shares from a financial institution and 1,000 shares from a company. The rates used for this calculation are effective from March 2023.

**Deemed interest rate example**

|  |  |
| --- | --- |
| Female Profile with solid fill |  Sera is a sole renter living in public housing. You are completing a rebate to calculate Sera’s weekly payment amount. |
| Bank with solid fill | Sera receives an Age Pension of $485.75 per week. Sera’s superannuation includes holdings of 500 shares, valued at $25.65 per share from a financial institution and 1,000 shares from a company, valued at $15.95 per share. |
| Man with cane with solid fill | Sera is retired but has decided to **not** access her superannuation. Sera’s funds are considered ‘realisable’ as she is eligible to access as an income source. This means the department calculates interest on the total amount according to the deemed interest rate.  |
| Piggy Bank with solid fill | The total value of Sera’s shares is calculated as follows:Financial institution: 500 shares X $25.65 =$12,825.00Company: 1,000 shares X $15.95 = $15,950.00**The total value of shares is $28,775.00 (**$12,825.00 + $15,950.00) |
| Mortgage with solid fill | The Centrelink deemed interest rate for totals under $60,400 for singles is 0.25%. $28,775.00 X 0.25 per cent = $71.94(total deemed interest per annum)The total deemed interest income per annum is $71.94 |
| Person with idea with solid fill | Sera’s interest income is considered an assessable income in the rental rebate assessment. $71.94 52 weeks = $1.38 per week.Sera interest income is calculated on a weekly basis $1.38 per week.  |
| Quill with solid fill | When recording the calculation for Sera’s deemed interest rate staff can refer to the following example:Financial institution: 500 shares X $25.65 (current value) =$12,825.00Company: 1000 shares X $15.95 (current value) =$15,950.00Total value of shares: =$28,775.00Deemed interest rate: 0.25 per cent for totals under $56,400 for singles$28,775.00 X 0.25 per cent = $71.94 (total deemed interest per annum)$71.94÷ 52 weeks = $1.38 per week. |

The department requires information about the total number of shares the household member has in each company and the current value of the shares by sighting the share certificates. A letter from the stock broker indicating the total value of shares is also accepted. Confirmation of the value of shares can also be obtained from the Australian Stock Exchange on the internet.

See below for an example used to calculate the deemed interest rate for shares. When determining the deemed interest rate staff must use this based on the Centrelink payment rates. To determine the current deemed interest rate staff can refer to [Centrelink Resources](https://dhhsvicgovau.sharepoint.com/sites/Publichousingresources/SitePages/Centrelink.aspx) page on the Public Housing Resources SharePoint. <<https://dhhsvicgovau.sharepoint.com/sites/Publichousingresources/SitePages/Centrelink.aspx>>

### Income stream products

The department includes income received from income stream products, such as annuities as assessable income. The total gross income generated from these products is assessable. However, the funds or lump sum invested into these products to generate the regular income are not assessable.

All household members in receipt of a regular income from annuities and other income stream products must provide a statement from the income provider. This statement should detail the investment amount and the amount and frequency of the payments made to the household member.

Where funds (lump sums) are used to generate a regular income, the department applies Centrelink’s deemed interest rate to the payment and includes the interest as assessable income from the date of receipt of the lump sum, i.e. settlement date.

Superannuation

Superannuation funds include realisable or non-preserved funds and non-realisable or preserved funds. Preserved funds which do not allow the investor to withdraw from the funds until they reach retirement age are not included as assessable income while non-preserved funds which can be withdrawn at any time are assessable income for determining assessable income.

On this basis, the department includes as assessable income any regular payments made to household members who have retired or from any realisable funds before retirement age.

Where a lump sum payment is received, the department applies Centrelink’s deemed interest rate to the payment and includes the interest as assessable income from the date of receipt of the lump sum, i.e. settlement date.

Where an investor has withdrawn superannuation funds from a superannuation scheme before their retirement age (retirement age may vary from client to client and is specified in the superannuation documents), the deemed interest rate is applied to the full amount withdrawn. Any amount remaining in the superannuation scheme is excluded from assessment.

Where an investor has retired but has chosen not to access their superannuation funds and as the funds are realisable, the department calculates interest on the total amount according to the deemed interest rate. The relevant deemed interest rate during any fixed rebate period is used to calculate the interest income on the asset.

Where it is confirmed that the superannuation funds are non-realisable, the department does not include any interest on the funds as assessable income in calculating the weekly payment amount. If a person has not reached retirement age and has chosen to ‘rollover’ funds and they no longer have access to the funds, the department does not include the interest earned as assessable income. As all information about a client should be recorded during a rebate assessment, these assets are listed and recorded as non-realisable in HiiP.

### Real estate

If a client owns real estate at the time of application to the Victorian Housing Register (the register) they must satisfy asset eligibility criteria that they are unable to live in the property and that their interest is unrealisable. This is outlined in the [Victorian Housing Register - Eligibility Criteria Operational Guidelines](https://fac.dhhs.vic.gov.au/funded-agency-channel/victorian-housing-register) < https://fac.dhhs.vic.gov.au/funded-agency-channel/victorian-housing-register>.

Where a household member becomes an owner of real estate, either the deemed interest on the value of the real estate or any rental income generated by the asset is included as assessable for rebate assessment purposes. Income from real estate will include whichever is the higher value:

* the direct income that comes through rent, if the property is leased out
* the value of the equity of the property (deemed interest is applied).

Where a client owns real estate and is not an IC participant, the department requires that they provide documentation to show the date of the property settlement (acquisition of the asset), their equity in the real estate (capital improved value) such as a council rates notice, and evidence of loan repayments already made.

Where there is more than one member listed on the title document, the equity in real estate is calculated by dividing the total value as identified in the council rate notice by the number of owners to determine the individual household member’s share of the total property value.

The amount owing by the individual household member (on loan/mortgage documents) is then subtracted from their share of the total value (capital improved value on the council rates notice).

Where the property is tenanted, documentation is required showing the rental income received for the property, such as rental payment receipts and/or a letter from the real estate agent confirming the lease arrangement.

If the rent received is less than the amount derived by applying the deemed interest rate on the household member’s equity in the real estate, then the higher amount (deemed interest income) is used as assessable income.[[2]](#footnote-2)

Where the investment does not generate an income, for example, an empty block of land, the appropriate deemed interest rate to their equity in the real estate is applied.

### Children’s trust funds

Investments held in a child’s name are not assessable where:

* the child is the sole signatory to the account
* the child is the only person with access to the invested funds at reinvestment
* where the funds deposited into the account are derived by the child, for example, part time work
* where a formal trust fund is established and is managed by State Trustees
* where a formal trust is established, is not managed by State Trustees, but a copy of the trust deed confirms that the child is the only beneficiary.

Investments held in a child’s name are assessable when the household member is a sole or joint signatory to the account/investment or when the funds are accessible by the household member.

Where the funds are assessable, the department includes any regular payments made out of the child’s trust fund to a household member as assessable income.

Where the funds are assessable and a lump sum is received by a child or their legal guardian, that amount is held in trust, and accrues interest over time from the funds. The deemed interest rate is applied to the total balance of the funds.

If interest earned on the amount is re-invested in the trust fund and is not accessible by the renter or another adult household member, this is not included as assessable income.Gifts and winnings

### Renters who gift money or assets

The department includes as assessable income the deemed interest of any money or assets gifted in the one year in excess of $10,000. Gifts equal to or under $10,000 are exempted.

For example, if the total gifted amount is $10,000 from a total of $50,000, the first $10,000 is subtracted from the total gifted amount and then the deemed interest rate is applied to the remainder to calculate the deemed interest income amount. The deemed interest income is assessable income for a period of five years from the date the amount was gifted. The remaining amount is reduced by $10,000 every year and the deemed interest rate is applied to the difference. For example, if deemed interest rate is applied on $40,000 for current year, next year this amount is reduced by $10,000 and the deemed interest rate is applied to $30,000.

The amount is calculated by using the relevant deemed interest rate. The amount is divided by 52 to obtain the weekly amount and is included as assessable income (see the section ‘[Income from savings and investments’](#_Income_from_savings)). Any income from assets remaining after a sum is gifted is calculated according to the rules for interest on savings and investments.

Renters who receive gifts

Household members may receive a ‘gift’ as income paid on a regular basis. Where the department receives information indicating that a regular gift is received by a household member, it is considered as assessable income on the basis that such gifts are normally intended to assist with general living expenses.

Gifts received as regular income on an annual basis are averaged over 52 weeks and are assessed by the department in the same way as wages.

Gifts received as regular payments for 12 months or less are averaged over the number of weeks for which they are received to determine weekly income and are assessed by the department in the same way as wages.

Documentation for the assessment of the gift of regular income required by the department includes:

a statutory declaration from the person providing the gift

a bank statement showing the household member receives regular payments.

If the gift is for a specific medical cost, it is accepted as not being available for general living expenses and is therefore considered non assessable. Evidence of this expense is required.

### Winnings

One-off winnings are treated as assets and the department uses Centrelink’s deeming rules as outlined under the ‘Investments’ section in determining the value of any income derived from that asset.

Where the winnings from lotteries or gambling are the major or only source of income for the household member, the department assesses the rebate by determining the income as for self-employed household members.

## Family payments

Family payments are assessable income and assessed at 15 per cent of the payment amounts.

For larger families, the department only includes family payments paid for five oldest dependants as assessable income to calculate the weekly payment amount.

### Family Tax Benefit payments

* Family Tax Benefit part A (FTBA) and B (FTBB) are paid by Centrelink to households with dependent children to provide assistance with children’s living costs.
* the department assesses the full entitlement of FTBA and FTBB at 15 per cent (in brackets on Centrelink income statements).
* if the household member is not eligible for a primary income from Centrelink however is entitled to Family Tax Benefit A or B, the department will impute the Family Tax Benefit income and include it in the assessable household income.

### Family Tax Benefit lump sum payments

Family lump sum supplement payments are included as assessable income and assessed at 15 per cent.

Family Tax Benefit part A (FTBA) and Family Tax Benefit part B (FTBB) have an additional amount paid by Centrelink per family as a lump sum at the end of each financial year in July. Family lump sum supplement part A (FLSA) is paid per dependant. Family lump sum supplement part B (FLSB) is paid for the youngest dependant in each household.

Rather than retrospectively reassessing the rent payable for all tenancies in receipt of family lump sum payments, the department uses Centrelink payment rates to calculate the full entitlement that the client would have received the previous financial year. This lump sum payment is averaged over 52 weeks and automatically imputed at the commencement of the first fixed rent period each year. The value used for the automatic imputation is dependent on the amount of FTBA and FTBB the client received for their dependent(s) in the previous financial year.

If the client provides Centrelink documentation in July confirming that they did not receive the full amount of lump sum payment, the department will adjust the household income to reflect the actual lump sum payment and apply it for the relevant period.[[3]](#footnote-3)

When including FLSA and FLSB in rebate assessments:

* family lump sum supplement incomes apply for rent calculations effective from 23 October 2005
* the amount is based on the family structure of the previous financial year
* the family must have had at least one dependant for a period of time during the previous financial year
* the tenancy must have commenced prior to the previous financial year.
* Any FLSA and FLSB received prior to a sign up to a new or transferred tenancy is not included as assessable income.

### Maintenance payments

Maintenance payments are payments made by the one parent to the primary care giver of a dependent child which may be in the form of cash, goods or other arrangements such as payment of school fees.

Maintenance payments can be an informal arrangement between the involved parties or can be decided upon in the Family Court. Some maintenance payment arrangements are overseen by Centrelink to ensure the payments are made.

Maintenance payments are included as assessable income and assessed at 15 per cent. This information is provided by Centrelink on their statements. If a client is not in receipt of any Centrelink income, a letter from Centrelink showing the payment entitlement and effective date is required for the assessment. The payments can be made as regular payments or lump sum payments.

### Maintenance Lump Sum Payments

To avoid creating rent arrears for a period when the client did not actually receive the income, the effective date of the change in income is the date that the lump sum payment was received.

Lump sum maintenance payments are assessable for rent. The lump sum payment amount is divided by the number of weeks over which the payment is made to determine the weekly income.

The increase in rent commences at the start of the FRED following the effective date of the lump sum payment (i.e. the date the lump sum payment was received).

## Incomes paid by overseas governments

### Overseas pensions

The department includes overseas pensions as assessable income.[[4]](#footnote-4)

Overseas pensions may be received instead of, or in addition to, a Centrelink pension. The household member may receive these payments as regular incomes or as a lump sum.

While some foreign pensions are treated by Centrelink based on the allowable incomes test, for others, 100 per cent of the foreign pension reduces the Centrelink income dollar for dollar.

For example, for most Centrelink pension recipients, any UK Retirement or Widows pension is treated the same way as other types of income, where only 40 per cent of these incomes are subject to the allowable income test.

Where the household member receives a UK Pension and only 40 per cent of that pension is counted in the income test for their Centrelink pension, enter the income type ‘OVER’

Where the household member receives a UK Pension and 100 per cent of the UK Pension is counted, that is, a dollar for dollar reduction in the income test for their Centrelink Pension, use the income type ‘OVERS’

For customers who are paid an Australian Age Pension under the rules of the former Social Security Agreement (the agreement) between Australia and the UK, 100 per cent of the UK Retirement pension will be directly deducted from the Australian Pension. The Australian Pension will be deducted dollar for dollar.

Payments are made under the Agreement when the client does not have sufficient residence in Australia to qualify for the Australian statutory income which is usually ten years for the Age pension.

Non-IC participating household are required to provide the department with their most recent bank statements or bank books that show three consecutive months of deposits of an overseas pension. An average of the deposits will be used for the rebate assessment. The deposit amounts will be shown in Australian dollars. The amount of overseas pension and the Australian pension are assessable incomes.

Where the amount of the overseas pension does not preclude the recipient to a statutory income entitlement from another government department, the appropriate entitlement is imputed.

### Restitution payments

Restitution payments from foreign governments are non-assessable. These payments are typically paid to prisoners of war. These tenancies require a manual assessment at each Automatic Fixed Rebate Review as Centrelink’s business system is currently unable to send IC batch information that distinguishes this income from assessable overseas pension income.

## Compensation and related payments

### Compensation and common law lump sum payments

The department includes as assessable income compensation and common law lump sum payments for injury or following an accident where it is documented that a household member received such payments for loss of wages.

The department includes the component of the payment identified as being for loss of wages as assessable income and applies the appropriate deemed interest rate to the balance of the renter’s lump sum payment and investments and savings.

Legal costs should be deducted from the amount that is not designated for loss of wages.

Only the portion of the lump sum that is paid for the period after the tenancy commenced is assessable. For example, where the tenancy commenced two years ago and a lump sum is paid for the previous three years, only two thirds of the amount is assessed over the two-year period.

### Treatment of lump sum payments

To avoid creating arrears for a period when the client did not actually have the income, the effective date of the change in income is the date that the lump sum payment was received.

The value of the lump sum is then divided by the period (number of weeks) for which it represents compensation, and this weekly amount is included as assessable income for an equivalent number of weeks from the date of the lump sum payment.

The increase in weekly payment amount commences at the start of the FRED following the effective date of the of the lump sum payment (i.e. the date the lump sum payment was received).

Where part of the payment is for a period prior to the day the tenancy commenced, that amount is not assessable income. In that situation, to determine the value of the assessable income, the department divides the portion of the amount that is paid for the period after the tenancy commenced by the length of the tenancy to determine a weekly amount.

Where part of a loss of wages component of a lump sum compensation payment is used to purchase an income stream product, the remaining part of the lump sum is apportioned by the department over the period and included as assessable income.

If a household member has been paid a lump sum payment for loss of wages, the client must provide a statement from the relevant authority that specifies what component of the payment is for loss of wages and for what period of time this amount was intended to cover. Documentation from Centrelink is also required to confirm that benefits will commence after the period that the household member has been paid by TAC or WorkCover has expired and the date that full Centrelink payments will commence.

If the household member is unable to provide documentation confirming the amount that has been designated for loss of wages, the department applies the same determination of the amount that is used by Centrelink. The assessable income is calculated on 50 per cent of the compensation and 50 per cent as loss of wages.

Legal costs are deducted from the assessable income portion of the compensation payment and the remainder is treated as assessable income over the relevant period.

### Calculation of interest on Lump Sum Payments

Where the loss of wages component is not specified, the department relies on Centrelink documentation or legal documentation for the determination of the loss of wages component.

The department applies the appropriate deemed interest rate to the total balance of the household member’s investments and savings.

### Household member has used the lump sum payment for other purposes

Where a household member has used or disposed of the lump sum compensation amount (from WorkCover, TAC or similar payments), the loss of wages component of the lump sum compensation payment should continue to be included as assessable income for the relevant period.

If the resulting income is less than the minimum entitlement of Disability Support Pension (paid by Centrelink), the difference is imputed to the minimum Centrelink entitlement.

### Transport Accident Commission (TAC) Regular/Periodic Payments

The TAC provides income cover for victims of transport accidents. TAC will pay 80 per cent of wages earned by the client before the accident generally for the first eighteen months. These payments are made on a fortnightly basis.

If the client remains unable to return to work on a full time basis after eighteen months, fortnightly payments up to 80 per cent of wages earned before the accident may continue to be paid by TAC.

Household members may be entitled to a part Centrelink pension or benefit if the TAC payments are less than the full Centrelink entitlement.

The department includes the regular fortnightly payments made by the TAC and any Centrelink pension or benefit that the client receives as assessable income.

Where a household member does not claim their entitlement to a Centrelink pension or benefit, the department imputes the entitlement as assessable income.

### TAC lump sum payments

After the first 18 months, recipients of TAC payments may receive a lump sum ‘impairment’ payment if they have been assessed as being more than 11 per cent permanently impaired. This lump sum is not for loss of wages.

The department applies Centrelink’s deemed interest rates to the lump sum amount and includes the resultant interest as assessable income to calculate the rent.

If the lump sum payment contains a component specifically for loss of wages, the department includes the amount intended for loss of wages as assessable income for the period of time as specified by the TAC. The total amount is divided by the total period the lump sum covers and the value is used as compensation.

### WorkCover Periodic Payments

The department includes periodic WorkCover payments that are for loss of wages as assessable income. WorkCover payments are generally limited to a two-year period. The benefits allow for the payment of 95 per cent of the worker's current weekly earnings for the first six months. After the first six months, these payments may be at a lower rate.

The payments continue to be made if the worker is more than 30 per cent incapacitated after the two-year period. These payments will be at a lower rate decided by WorkCover. The department will include the income payment by WorkCover as assessable income.

In some cases, workers may be entitled to a part Centrelink pension or benefit. The department includes this entitlement as assessable income. Where a household member does not claim their entitlement to a Centrelink pension or benefit, the department imputes the entitlement as assessable income.

### WorkCover lump sum settlement

Where a household member receives a lump sum settlement under a WorkCover claim, the department applies Centrelink’s deemed interest rates to the lump sum amount and includes the resultant interest as assessable income to calculate the rent.

If the lump sum payment contains a component specifically for loss of wages, the department includes the amount intended for loss of wages as assessable income for the period of time as specified by WorkCover.

### WorkCover Lump Sum Payments for death

A lump sum settlement for death is paid to the family of a deceased employee.

The department applies Centrelink’s deemed interest rates to the lump sum amount and includes the resultant interest as assessable income to calculate the rent.

In the situation where the inclusion of interest results in an increase in the total household income, the resulting increase to rent will be applied from the next FRED.

Appendix 1: Assessable and non-assessable income

## Primary incomes: assessed at 25 per cent

* Abstudy 60+
* Abstudy Partnered 21+
* Abstudy Partnered with Dependants
* Abstudy Partnered No Dependants
* Abstudy Single 21+
* Abstudy Partnered with Dependants 21+
* Abstudy Single with Dependants 21+
* Abstudy Single Away from Home
* Abstudy Single with Dependants
* Abstudy Single at Home
* Abstudy
* Age Pension
* Age Pension - Pension Reform
* Asylum Seekers Allowance
* Austudy No Dependants
* Austudy Partnered with Dependants
* Austudy Partnered Special No Dependants
* Austudy Single with Dependants
* Austudy Single Special Rate
* Austudy
* Blind Pension
* Carer Pension
* Carer Pension - Pension Reform
* Community Development
* Connected Paid Parental Leave
* Clean Energy Supplement
* Compensation Payment
* Dad Partner Payment
* Defence Force Income Supplement
* Defence Force Reserve Payment
* Disability Wage Supplement
* Domestic Allowance
* Deprived Income
* DSP under 21 with Dependants
* Disability Pension
* Disability Pension - Pension Reform
* Disability Pension Youth Away from Home
* Disability Pension Youth at Home
* Veteran Affairs Disability Pension
* Disability Youth with Dependants-Pension Reform
* University Scholarship/Grant and Bursaries
* Exceptional Circumstances Relief Payment
* Farm Household Support
* Farm Family Restart
* Flexible Paid Parental Leave
* Flexible Support Payment
* Foster Allowance
* Formal Training Allowance
* Incentive Allowance
* Investment/Savings Interest
* Imputed Pension
* Income Stream and Annuities Asset
* Income Stream and Annuities Income
* Income Support Supplement
* Imputed Top-up to appropriate Centrelink Rate
* JobSeeker Payment
* Mature Age Allowance
* Pension Supplement Notional
* Newstart Allowance < 18 with Dependants
* Newstart Allowance with Dependants 18-20
* Newstart Allowance
* Newstart Allowance at Pension Rate
* Approved Program of Work Supplement
* Orphan Pension (18 and under)
* Overseas Pension
* Overseas Assets (deemed interest rate)
* Overseas Income
* Overseas Pension Special
* Partners Allowance
* Paid Parental Leave
* Parenting Payment Partnered
* Parenting Single Pension
* Real Estate Asset (deemed interest rate)
* Real Estate Income
* Remedial Tuition Allowance
* Self-Employed Adjusted Nett Profit
* Service Pension - Pension Reform
* Service Pension
* Sheltered Workshop Allowance
* Sickness Allowance 18-20
* Sickness Allowance
* Sickness Allowance Single with Dependants
* Sickness Allowance at Pension Rate
* Special Benefit
* Special Benefit Single with Dependants
* Special Benefit at Pension Rate
* Superannuation Payments
* Supplementary income
* Trust and Companies Asset
* Trust and Companies Income
* Top-up to appropriate Centrelink Rate
* Wages (PAYE employees)
* War Widow Pension - Pension Reform
* Work Care Payments
* Widows Allowance
* Widows Allowance at Pension Rate
* Widows Pension
* Widows Pension - Pension Reform
* Wife Age/DSP Pensioner
* Wife Age/DSP Pensioner - Pension Reform
* Youth Allowance Away from Home
* Youth Allowance at Home
* Youth Allowance Partnered no Dependants
* Youth Allowance Partnered and Dependants
* Youth Allowance Single with Dependants
* Youth Allowance Special Away from Home
* Youth Allowance Special at Home
* Youth Allow Special Partnered and Dependants
* Youth Allowance

## Family incomes: assessed at 15 per cent

* Clean Energy Supplement, FTB part A
* Clean Energy Supplement, FTB part B
* Family Lump Sum Supplement (A)
* Family Lump Sum Supplement (B)
* Family Tax Benefit - Part A
* Family Tax Benefit - Part B
* Imputed Family Lump Sum Supplement (A)
* Imputed Family Lump Sum Supplement (B)
* Imputed Family Tax Benefit - Part A
* Imputed Family Tax Benefit - Part B
* Maintenance payments
* Maintenance lump sum payments

# Non-assessable incomes

Non-assessable incomes are usually payments that are provided for a specific purpose.

* Adequate Means of Support Pension paid by the Department of Veterans’ Affairs
* Additional payments made by other countries to victims of war as a result of their war experiences that do not affect the full entitlement of Centrelink payments are also excluded as assessable income
* Austudy Loan
* Austudy Pensioner Educational Supplement
* Baby Bonus (formerly known as Maternity Payment) – paid to families for children born or adopted after 1 July 2007. Only the deemed interest rate is applied to any savings or investments where the amount has been deposited. See Maternity Payment
* Basic Parenting Payment (partnered) - formerly known as Basic Parenting Allowance – This payment was included in Family Tax Benefit Part B from 1 October 2000 and assessable from this date
* Bereavement Payment
* Book Allowance
* Carer’s Allowance (formerly known as Child Disability Allowance and Domiciliary Allowance)
* Community Development Employment Project (CDEP) Payment Supplement – only the base rate amount
* Community Empowerment Project Payments (paid by the City of Yarra)
* Child Care Benefit
* Children’s Trust Funds where the household member has no access to the funds
* Clean Energy Advance – one off payment made from May 2012 (i.e. before the Clean Energy Supplement) to pensioners, other income support recipients, families receiving Family Tax Benefit payments and Seniors Supplement recipients, provided they met eligibility requirements. The deemed interest rate is applied to any savings or investments where the amount has been deposited.
* Department of Health and Human Services (the department) Caregiver payments. This payment is made by the department to families involved in caring for foster children
* Double Orphan Allowance
* Double Orphan Pension (assessable prior to 23 November 2008)
* Education Allowances
* Education Entry Payment
* F-111 ex-gratia $40,000 or $10,000 lump sum payments for participants in the F-111 Deseal/Reseal programs. The one-off payment is not assessable, however where the payment is invested, the deemed interest rate should be applied and the resultant amount included as assessable income
* Family Tax Benefits for 6th and subsequent child
* Family Tax Initiative (For assessments prior to 1 October 2000)
* Family Tax Benefit Lump Sum Amount of $600 paid before 30 June 2004. This was a one-off payment of $600 per child paid to all families entitled to receive Family Tax Benefit Part A during the 2003/04 financial year. The deemed interest rate is applied to any savings or investments where the amount has been deposited.
* Family Tax Benefit Part A Lump Sum Supplement paid in respect of the 2003/04 financial year. This payment commenced on 1 July 2004. Families have two years from 30 June 2004 to claim for this payment.
* Fares Assistance
* Formal Training Allowance - paid with Centrelink pension/allowance
* Foster Allowance
* GST for allowances
* Income of residents under 18 years of age
* Language, Literacy and Numeracy Supplement
* Large Family Supplement
* Lump sum funds invested into income stream products such as annuities
* Maternity Payment (now known as Baby Bonus) –paid to families for children born or adopted after 1 July 2004. Only the deemed interest rate is applied to any savings or investments where the amount has been deposited. See Baby Bonus.
* Minimum Family Allowance (formerly known as Basic Family Payment) – This payment is included in Family Tax Benefit Part A after 1 October 2000 and assessable after this date.
* Minimum Family Allowance for dependents aged 18 – 24. This payment is included in Family Tax Benefit Part A after 1 October 2000 and assessable after this date.
* Mobility Allowance
* Multiple Birth Allowance
* Neighbourhood Renewal Community Survey Payments made to both interviewees and interviewers (This applies to renters or residents in identified Neighbourhood Renewal Areas only)
* Orphan Pension (18 years and under)
* One off Economic Support Payment
* Pension Bonus Scheme (formerly Older Australian’s Bonus) – a one-off non-taxable bonus payment of $500 paid to older Australians of Age Pension age. The payment was part of the 2007/08 Federal budget and was paid to recipients of the Age Pension, Mature Age Allowance, Widow Allowance, Partner Allowance, Commonwealth Seniors Card and Veterans’ Affairs Gold Card holders. The deemed interest rate is applied to any savings or investments where the amount has been deposited.
* Pension Supplement (formerly known as GST Component of Pensions)
* Pharmaceutical Allowance
* Prisoner of War (Japan and Korea) $25,000 lump sum compensation payment. Paid to surviving Australian service personnel (or their surviving widows/ers) in 2001 (Japan) and 2004 (Korea). The one-off payment is not assessable, however where the payment is invested, the deemed interest rate should be applied and the resultant amount included as assessable income
* Remedial Tuition Allowance
* Rent Assistance paid to renters who have a tenancy agreement with the Director of Housing (the renter should notify Centrelink that they are a Departmental renter)
* Restitution payments from Foreign Governments
* Schoolkids bonus
* School Start Bonus – one off payment paid to families with children starting prep and year seven at a government or non-government school. The deemed interest rate is applied to any savings or investments where the amount has been deposited.
* Superannuation funds, lifetime annuities that cannot be realised or drawn from
* Superannuation funds, lifetime annuities of persons under retiring age whose funds are realisable but choose not to access them.
* TAC Impairment Annuity Benefit
* Telephone Rental Concession
* Travel, Meals, Laundry and Accommodation Allowances
* War Disability Pensions (Department of Veterans’ Affairs)
* Work for the Dole Supplement
* Youth Disability Supplement
1. 2. Liquid assets are any funds that are readily available to a household member and/or their partner. The liquid assets waiting period is between 1 and 13 weeks and is determined by a renter’s personal situation. [↑](#footnote-ref-1)
2. 4. Example:

Ownership share = (value = $250,000 less mortgage of $50,000) = $200,000.

Rent = $100 per week (use code REI).

Deemed interest rate = 5 per cent. $200,000 x per cent5 = Deemed income of $10,000 per annum (use code REA).

Rent = $5,200 per annum. In this case apply deemed income of $10,000 per annum. [↑](#footnote-ref-2)
3. 5. HiiP considers if the household would be eligible for family lump sum supplements and imputes the full amount as part of the automatic fixed rebate review. HiiP also removes the amount when it is no longer to be included. The payment should not be removed or updated in the client register unless documentation is provided to confirm the client did not receive the full amount of lump sum payment. [↑](#footnote-ref-3)
4. 6. Managing Overseas Pensions in HiiP

The deposits are averaged out over a three-month period and used in the rebate assessment as assessable income (for non-IC clients). [↑](#footnote-ref-4)