

INTERVIEW WITH STUART BOCKING

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**17 JUNE 2009
5.20PM**

SUBJECTS: Tax Bonus; double payments; two week deadline for bonus.

STUART BOCKING:

If you were listening to the show with John Stanley on Monday you will recall he caught up with a lady by the name of Gloria Hartridge. Now, she told John her \$900 stimulus cheque from the Reserve Bank had bounced. Quite astounding to imagine. I know we're in deficit at the moment but if a cheque from the Reserve Bank can suddenly bounce we have got massive problems.

Well, we've been in contact with the tax office about this. They tell us it happened to around 400 individuals who received the stimulus payment. Why a Reserve Bank cheque would be dishonoured, I have no idea. But they do say - the tax office - they are reimbursing any dishonour fees associated with the refused cheques. Some form of stimulus package for the banks possibly.

Incidentally, for those eligible for their stimulus payment, the time is running out to lodge your '07-'08 tax return to be eligible for that payment.

Senator Nick Sherry is now the Assistant Treasurer; I'm pleased to say is on the line.

Senator Sherry, good afternoon.

NICK SHERRY:

Good afternoon Stuart, good afternoon to your listeners.

STUART BOCKING:

Thank you for your time. Evidently around 400 people who received their payment had the cheques dishonoured, has become some sort of stimulus bonus for the banks, dishonouring these cheques.

NICK SHERRY:

No, certainly not. There's about 400 out of almost 8.5 million payments where a double payment has occurred due to computer administration issues.

Now, what happens where a double payment is discovered, the tax office - what they do with the cheque that has been sent out in this case is that they notify the Reserve Bank and the banks that the cheque will not be honoured in the case of a double payment.

STUART BOCKING:

Right.

NICK SHERRY:

And then in turn the ATO will reimburse any individuals where they have gone to the bank, presented the cheque because of a double payment, they'll reimburse the cost...

STUART BOCKING:

But does that then suggest, Senator, that the recipient actually received two cheques?

NICK SHERRY:

Yes. My advice from the ATO is two payments. What can happen is some people receive a direct payment by cheque...

STUART BOCKING:

Into their - yep.

NICK SHERRY:

Some are paid through their account, and some are paid through their tax agent, and this is how double payments can...

STUART BOCKING:

So some people may have realised - let's for instance say it's part of an electronic transfer straight into their bank account. Some people may have discovered that when their stimulus money was paid they received \$1800 instead of \$900.

NICK SHERRY:

Well, they may not have discovered it and they may have a cheque - the money may have been paid to their tax agent. They go along to the bank. The ATO has a record that the money has been paid twice and, as I say, 400 cases out of some 8.5 million approximately. And the ATO has discovered this and notified that the cheque where it's been sent will not - payment will not be met in those circumstances.

STUART BOCKING:

So, there is the prospect for somebody who was receiving their payment via cheque, who didn't have it deposited directly into their account, there is the prospect they may have in fact received two separate cheques?

NICK SHERRY:

Yes, a very, very small number of cases, in which case only one would be honoured. And in the case where the bank doesn't honour it – a very small number of cases - any bank fees that are charged will be repaid by the ATO.

STUART BOCKING:

How common is it for a cheque from the Reserve Bank to bounce? I know there's the regular...

NICK SHERRY:

No, it hasn't bounced. It's been on the instruction of the ATO that the cheque should not be honoured on presentation because a double payment has been made. So it's not bouncing in the sense that there are insufficient funds.

STUART BOCKING:

No, okay. In other instances where a cheque is issued by the Reserve Bank, are there other cases where it might be dishonoured? I know, obviously, the banks still have their clearance policies, three, five days depending on what it is. And many of us say, well, surely if it's the Reserve Bank they should be able to clear it that day; they don't.

But are there many other instances where for some reason a Reserve Bank cheque would be dishonoured?

NICK SHERRY:

Well, the only circumstances that I'm directly aware of relate to the bonus payments. But, in the case of the ATO inadvertently making let's say two tax refunds...

STUART BOCKING:

That's right. So in that instance you get your tax refund and all of a sudden for some reason they issue two cheques. That might be another example where one of the cheques will be dishonoured, and one of them will be actually paid.

NICK SHERRY:

Where they have discovered that they made a double payment, that would be correct. And the ATO will make restitution for any costs to the individual that have been charged by the bank. They will do that.

I think the other thing to emphasise, and you've touched on it, is there are still some 280,000 people, and they've only got two weeks, who are yet to lodge their tax return to receive their bonus and they need to do it by the end of June. It's very, very important...

STUART BOCKING:

Well, that's right. It's not often you're being offered \$900 by the Government so if you want to get that money, well, it's time you got off your backside and got your tax return lodged.

I noticed there were reports some people lodging as many as nine years worth of tax returns, going back, simply to take advantage of the stimulus money.

NICK SHERRY:

Well, I think what's important about the stimulus money is it's part of the Government's efforts to cushion the Australian economy from the impact of this world financial and economic crisis. And if we look at what's occurred in Australia we've actually had economic growth in the first quarter of this month compared to 22 other comparable economies where they've gone backwards. So part and parcel of this approach is to protect the Australian economy, protect jobs, protect business, and this is vital in this world economic and financial crisis that is impacting on Australia as well.

STUART BOCKING:

And, also as a byproduct, it does seem to have encouraged a few people to reorganise their tax affairs.

NICK SHERRY:

Well, yes, and to the extent where people are paying - or lodging back returns, and in some cases would have to pay back taxes, that's a good thing as well.

STUART BOCKING:

Yeah, quite right. All right, appreciate your time. Thank you.

NICK SHERRY:

Thank you.

STUART BOCKING:

All the best to you. The new Assistant Treasurer, Senator Nick Sherry.