

The CCS reconciliation runbook

Reconciliation debts happen when the income estimate Services Australia holds for you drifts away from what you actually earned. This runbook keeps the two in line: the July checklist, the withholding estimator in scenario bands, the mid-year change router, and how to read a reconciliation notice. Only Services Australia determines your entitlements.

Version 2026-10-05 · Free updates for 12 months · Checked against Services Australia's published Child Care Subsidy rules on 2026-10-05.

General information only. This runbook is general information about the Child Care Subsidy, not financial advice, tax advice, or legal advice. We never recommend an income figure or a withholding percentage: the estimator shows the trade-offs, you choose. Confirm current rules with Services Australia before acting.

What this runbook does NOT do. It does not estimate your CCS for you (Services Australia's free estimator does that). It does not tell you which income or withholding figure to use. It does not track your estimate for you, it does not contact Services Australia on your behalf, and it does not change what the law says. What it does is the bit nobody else does: the annual routine and the mid-year moves that keep your estimate honest.

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Tell a friend. A family estimating \$118,000 had income land 12% higher at \$132,160, and still owed nothing at reconciliation: the 5% withholding buffer absorbed the \$567 gap, with

\$274 left over. Estimates are bets. Size the buffer for the drift, not the hope. (See the worked example.)

The July checklist

One sitting, once a year, before reconciliation starts. Work through it in order.

1. **Confirm last year's actual family income** against the estimate Services Australia held. Family income means both partners' combined adjusted taxable income for the full financial year. *Next step: open your Centrelink online account and compare the estimate on file with last year's tax assessment.*
2. **Set this year's estimate honestly.** What you will actually earn, not what you hope to earn. If income is variable, estimate the likely figure and use the estimator below to size your buffer. *Next step: write down the number you would defend if someone checked it in March.*
3. **Choose your withholding in scenario bands.** Services Australia withholds 5% of your CCS by default until balancing. You can change the percentage in your Centrelink online account (up to twice a year). Run the estimator below with your numbers; it shows what the buffer costs now versus what it covers later. We do not recommend a figure. *Next step: run the estimator with a 12% drift and see what your current withholding covers.*
4. **Confirm your subsidised hours.** From 5 January 2026, the 3 Day Guarantee gives CCS-eligible families at least 72 hours of subsidised care per fortnight, regardless of activity. Up to 100 hours per fortnight applies where each parent has more than 48 hours of recognised activity per fortnight, or an exemption applies. Check your booked hours sit inside your subsidised hours. *Next step: compare your centre's booked days against your subsidised hours in your online account.*
5. **Confirm enrolment details with your centre.** CRNs on file, attendance reporting flowing. If enrolment details are wrong, subsidy does not flow: this is the most common non-income cause of a surprise bill. *Next step: ask your centre to confirm the enrolment on file matches your CRN.*
6. **Check outstanding tax lodgements.** Balancing needs confirmed income: a tax return lodged with the ATO, or telling Services Australia you do not need to lodge one. Unlodged returns delay balancing and delay any top-up. *Next step: if you have not lodged, book your tax agent this week.*
7. **Read last year's reconciliation notice.** Debt, top-up, or no change: and why. If you got a debt, note what caused it (estimate drift? withholding too low? hours?) and fix that input this year. *Next step: write the cause on this year's estimate page and set a March reminder to recheck it.*

The withholding estimator (scenario bands)

Enter your numbers. The estimator runs three scenarios: a lower case, your estimate, and a higher case, and shows whether your withholding buffer covers the gap in each. It never gives you a single "correct" number: bands, not false precision.

How it works. Uses the published standard CCS rate formula for 2026-27: 90% up to \$88,520 of family income, reducing 1% for each \$5,000 above that, to 0% at \$538,520. Your actual reconciliation uses your full CCS assessment (higher CCS for second and younger children, hourly rate caps, subsidised hours). Illustrative only.

Next step: pick one band you will live with, then set a March calendar reminder to recheck the estimate against reality.

Worked example: the buffer in action

Illustrative figures, not a recommendation. A family estimates **\$118,000** for the year, with **\$20,000** of annual fees subject to CCS, and the default **5%** withholding.

Step	The numbers
CCS rate at the \$118,000 estimate	$90 - (118,000 - 88,520) / 5,000 = 84.104\%$, so 84.10%
CCS paid at the estimate rate	84.10% of \$20,000 = \$16,821 for the year
5% buffer held until balancing	5% of \$16,821 = \$841 (received across the year: \$15,980)
Income lands 12% higher: \$132,160	Rate drops to $90 - (132,160 - 88,520) / 5,000 = 81.272\%$, so 81.27%
Revised entitlement	81.27% of \$20,000 = \$16,254
The gap	$\$16,821 - \$16,254 = \$567$ overpayment on paper
Balancing	The \$567 gap is absorbed by the \$841 buffer: no debt . The leftover \$274 comes back to the family.

And if income lands much higher? The buffer covers only part of the gap: that remainder is the residual debt risk. That is exactly what the estimator makes visible. If the higher case shows a shortfall beyond your buffer, the honest moves are: update the estimate now (step 1 of the router), or size the buffer up. The expensive move is hoping.

Next step: run your own numbers in the estimator above with the 12% drift. If your buffer absorbs it, your July is done.

The mid-year change router

Something changed? Answer one question and the router orders your moves: update the estimate, adjust withholding, or both, in the sequence that costs you least.

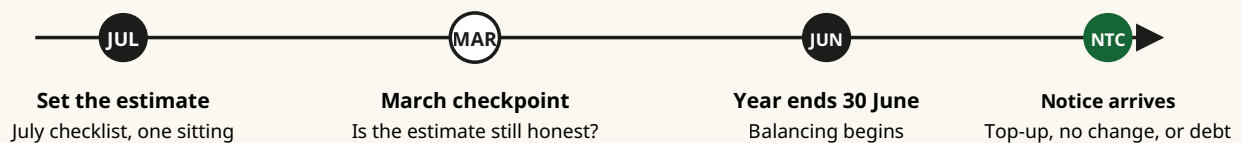
Prefer reading? The router's answers, in short.

- **Income went up:** update your income estimate in your Centrelink online account now (this is the move that prevents the debt). Then re-run the estimator with the new income and consider your withholding. Note the date you updated.
- **Income went down:** update the estimate (payments adjust upward from the update date). Consider lowering withholding if the buffer is now oversized. Check related changes: second child in care (higher CCS?), hours dropped (booked hours still inside subsidised hours?).
- **Care arrangement changed:** confirm enrolment details with your centre first (CRNs, days, attendance reporting), check subsidised hours cover the new booked hours, and update the estimate too if the care change came with an income change.
- **Nothing changed:** stay the course. March checkpoint: is the estimate still honest? Update the estimate the week any pay change lands, not at tax time.

You apply every change yourself in your Centrelink online account. SubsidyShield never touches your accounts. General information only.

Next step: bookmark this page. When something changes, come back and answer the one question.

The reconciliation year, on one page



The rule of the timeline: debts are a function of drift over time. The family that updates the estimate in the week the pay change lands has a small correction. The family that waits for tax time has a debt. *Next step: after reading this, set one calendar reminder for March: "CCS estimate honest?"*

Reading a reconciliation notice without panic

After 30 June, Services Australia reconciles what you were paid against what your confirmed income says you should have got. Three outcomes:

- **Top-up.** You were underpaid: the withheld amount (and any extra) comes back to you, usually as a payment or applied to outstanding gap fees. Nothing to do.
- **No change.** Estimate and actual lined up. Nothing to do.
- **Debt.** You were overpaid. The notice says how much and why. You will be notified through myGov, and there are repayment options to return it over time: you can set up a payment arrangement in your Centrelink online account. If the debt is unmanageable, call the National Debt Helpline on 1800 007 007 (free, independent, confidential financial counselling).

Why debts happen, in order of frequency: the income estimate drifted from actual income; the withholding buffer was too small for the drift; care details changed without the estimate being updated. The July checklist and the router exist to catch all three before they land. *Next step: if a debt lands, do not pay it from savings on reflex: set up a payment arrangement in your online account first, and call the National Debt Helpline (1800 007 007) if the amount is unmanageable.*

Separated, shared-care, and kinship arrangements

- **Shared care:** where care is shared between two households, each parent's estimate and enrolment details matter. Update your estimate when the arrangement changes, not just when income changes.
- **Grandparent and kinship carers:** you may be eligible for the Additional Child Care Subsidy (ACCS) in some circumstances (for example, grandparents caring for grandchildren). You must be eligible for CCS first. Check Services Australia's published ACCS rules for your situation.
- **Immunisation and age rules:** CCS applies for children 13 or under (not in secondary school, unless an exception is accepted) who meet immunisation requirements. If a child ages out mid-year, your subsidised hours change with it.

Next step: if your arrangement changed recently, update your estimate and enrolment details this week, then re-run the estimator.

The rules this runbook is built on (2026-27)

Rule	Figure
Standard CCS rate	90% up to \$88,520 family income; reduces 1% per \$5,000 above; 0% at \$538,520 or more (from 6 July 2026)
Higher CCS (second and younger children 5 or under)	95% up to \$146,437; tapers to 80% by \$191,437; 80% to \$270,727; tapers to 50% by \$360,727; 50% to \$370,727; standard rate above
Default withholding	5% of CCS withheld until balancing; changeable up to twice a year in your Centrelink online account
3 Day Guarantee (from 5 January 2026)	At least 72 hours subsidised care per fortnight for CCS-eligible families, regardless of activity; up to 100 hours with more than 48 hours recognised activity per parent per fortnight, or an exemption
Hourly rate caps (2026-27)	Centre-based day care \$15.19/hr (below school age); family day care \$14.08/hr; in-home care \$41.31/hr per family. CCS applies to the lower of your fee and the cap.

Checked against Services Australia's published CCS rules on 2026-10-05. Rules change: the [updates page](#) records every change we publish. Confirm current rules with Services Australia before acting.

Next step: if your centre charges above the cap, the excess never attracts subsidy: factor that into your fees comparison before changing centres.

One-page cheat sheet

Print this and keep it with your July paperwork.

When	Do this
July	Confirm last year's actual income; set an honest estimate; size your withholding with the estimator; confirm subsidised hours and enrolment details; lodge outstanding tax returns; read last year's notice.
March	Checkpoint: is the estimate still honest? Update it the week any pay change lands.
Any change	Income up or down: update the estimate first, then consider withholding. Care changed: fix enrolment details first, then hours, then income.
Notice arrives	Top-up: nothing to do. No change: nothing to do. Debt: arrange repayment in your online account; 1800 007 007 if unmanageable.

2026-27 figure	Value
Standard CCS rate	90% to \$88,520; -1% per \$5,000; 0% at \$538,520
Default withholding	5% (changeable up to twice a year)
3 Day Guarantee	72 hrs/fortnight minimum for CCS-eligible families
Centre-based cap (under school age)	\$15.19/hr

The line to remember: debts are arithmetic, not punishment. Estimate drift times rate loss equals the bill.

Downloads

- This runbook as a PDF (printable, version-stamped)
- CCS rule-change updates (published on this page as the rules move)

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