

TIME TO END THE

STUDENT LOAN TAX



Understanding The FEE-HELP Higher Education Student Loan Tax

The Commonwealth FEE-HELP scheme is a loan program operated by the Australian Government that helps eligible fee paying students (i.e. those who are not enrolled in a subsidised place) pay for their tuition with most independent higher education providers*.

How much is the tax?

Students at independent providers who choose to access a FEE-HELP loan will incur a 25% loan fee on top of their study debt. Thus, if the student borrows \$40,000 to cover their tuition fees the total debt becomes \$50,000; a tax of \$10,000.

What are the qualifications that are taxed?

The **FEE-HELP Student Loan Tax** applies to students accessing the loan to pay for undergraduate (e.g. Degree – AQF Level 7) and postgraduate (e.g. Graduate Diploma and above – AQF Level 8 and AQF level 9) courses.

How much can be borrowed?

The Australian Government sets a cap for how much can be borrowed by students to study across their tertiary education journey. In 2020, the cap is between \$106,319 and \$152,700; the higher amount for those studying medicine, dentistry and veterinary science. The **VET Student Loan Tax** is added to this cap.

When are loans repaid?

A FEE-HELP loan must be paid back at the relevant repayment rate when a student's repayment income is above the compulsory repayment threshold. The compulsory repayment threshold is adjusted annually and in FY2020-21 it is \$46,620.

An individual's investment in higher education is a significant personal commitment in their professional development and the **FEE-HELP Student Loan Tax** is a handbrake on personal and professional progress, as well as adding yet more debt that a person owes to the Australian Government.

Higher Education



The Student Loan Tax means that students pay an extra 25% to study with an independent higher education provider.

* Except Bond University, the University of Notre Dame Australia, University of Divinity, and Torrens University Australia