

TIME TO END THE

STUDENT LOAN TAX



Understanding The Vocational Education & Training Student Loan Tax

The VET Student Loans program is an Australian Government loan program that enables eligible students enrolled in approved courses at approved providers take out a loan to pay their tuition fees. The **VET Student Loan Tax** is added to the amount a student borrows to pay those tuition fees.

How much is the tax?

Full fee-paying students will incur a 20% loan fee on their VET Student Loan. Thus, if the student borrows \$15,000 to cover their tuition fees, the total debt that the student has with the Australian Government becomes \$18,000; a tax of \$3,000.

What are the qualifications that are taxed?

A VET Student Loan is only available for Diploma (AQF 5) or Advanced Diploma (AQF 6) courses approved by the Australian Government. Students whose enrolment is subsidised by a state or territory government do not incur a loan fee.

How much can be borrowed?

The Australian Government sets a cap for how much can be borrowed for each type of course. In 2020, the cap is between \$5,264 and \$15,793 depending on the course type. The **VET Student Loan Tax** is added to this cap.

When are loans repaid?

A VET Student Loan must be paid back when a student's repayment income is above the compulsory repayment threshold. The compulsory repayment threshold is adjusted annually and for FY2020-21 it is \$46,620.

When a student makes a decision to invest in their education to achieve their life and career goals through undertaking vocational education and training, the Australian Government imposes the **VET Student Loan Tax** to the debt some students repay.



The Student Loan Tax means that students pay an extra 20% to undertake a VET diploma or higher qualification.