

Media Release —

Temporary Suspension Of The Tertiary Education Student Loan Tax Welcome

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For Immediate Release

The decision of the Australian Government to temporarily suspend the tax paid on loans to students studying with independent tertiary education providers has been welcomed by the sector's peak body, the Independent Tertiary Education Council Australia (ITECA).

The decision to exempt students from the student loan tax associated with FEE-HELP and VET Student Loans in the sector is a bid by the Australian Government to encourage full-fee paying students to continue their studies during the Covid-19 crisis.

"Right now, when a student studies with an independent higher education provider, in many cases they pay a loan tax of 25%. Thus a \$40,000 loan becomes \$50,000. It's inequitable and creates a financial barrier to those wishing to make an investment in their education to achieve their life and career goals," said Mr Troy Williams, ITECA Chief Executive.

The loan fee also applies to students studying selected Diploma and higher-level qualifications with certain providers in the vocational education and training sector.

"In the vocational education and training sector students are whacked with a 20% student loan tax. It's an incredible situation we are in, that those who choose to invest in getting new skills are penalised by government for doing so," Mr Williams said.

ITECA had argued for suspension of these taxes on students as a way of supporting students studying with quality independent providers during the Covid-19 crisis. It was one of a number of measures set out in the *Covid19 Response – Backing independent tertiary education providers* action plan that is the centrepiece of ITECA's current policy advocacy activities.

"Quality independent providers are focussing on assisting their students, supporting their employees and keeping the doors open as they deal with the challenges brought about by the Covid-19 crisis. The acceptance by the Australian Government of the recommendation set down by ITECA is of course very welcome and certainly assists students and our members," Mr Williams concluded.

Independent providers support around 10% of the 1.5 million students in higher education and around 80% of the 4.1 million students in vocational education and training.

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