

## Media Release —

### Time To End The Tertiary Education Student Loan Tax

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For Immediate Release

The inequitable student loan tax, charged on top of a student loan to students who borrow money from the Australian Government to study with independent tertiary education providers, penalises students for investing in their future and should be removed. That's the call from the Independent Tertiary Education Council Australia (ITECA), the peak body representing independent providers in the higher education, vocational education, training and skills sectors.

Students studying with an independent higher education provider\* and who access a FEE-HELP loan to undertake their studies pay a 25% student loan tax. Thus, a \$40,000 debt to the Australian Government becomes \$50,000.

"It's simply wrong that students who study with an independent higher education provider have to pay the student loan tax over and above their student debt. The travesty is that these students are treated differently from those studying at public universities who don't incur the additional liability that comes with the student loan tax," said Troy Williams, ITECA Chief Executive.

Similarly, in the vocational education and training (VET) sector, the VET Student Loans program charges students a 20% tax for taking out a loan when borrowing from the Australian Government to undertake a Diploma or higher qualification. Thus, a \$18,000 debt to the Australian Government becomes \$21,600.

"As a nation, we want students to invest in their life and career goals. It's not acceptable that the Australian Government levy the student loan tax on those seeking to gain new knowledge and skills," Mr Williams said.

The Australian Government has stated that the student loan tax is required to recognise the cost of loans unlikely to be repaid, but both loan programs are repaid through the tax system when a student enters the workforce and earns above the prescribed threshold. This inequitable tax only applies to students who choose to study at independent tertiary education providers.

"By adding a loan tax, the Government is making it between 20% and 25% harder for students at independent tertiary education providers to pay back that loan and get ahead in life," Mr Williams said.

As a result of advocacy undertaken by ITECA, the Australian Government agreed to a six-month waiver of the student loan tax on FEE-HELP Loans and VET Student Loans. This waiver is welcome during the Covid-19 crisis, but we need to go further.

"ITECA's opinion on the removal of these loan taxes is backed by a growing number of parliamentarians that share the views of students about the unfair nature of student loan taxes underpinned by bad public policy. Now is the time to permanently end the student load tax," Mr Williams concluded.

Independent providers support around 10% of the 1.5 million students in higher education, and around 60% of the 540,000 students undertaking a Diploma or higher qualification in the VET system.

Ends.

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

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