

Media Release —

Higher Education Loan Tax Reduction Welcome

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For Immediate Release

The announcement by the Minister for Education, that the student loan tax applied to loans for studying with most independent providers is to be reduced, has been welcomed by the Independent Tertiary Education Council Australia (ITECA), the peak body representing independent providers in the higher education, vocational education, training and skills sectors.

“One of the perverse aspects to Australia’s higher education system, is that we tax students when borrowing to study with most independent providers. A student loan tax of 25% is levied on a student’s FEE-HELP loan. So, a \$40,000 debt to the government becomes \$50,000 when the tax is added. It’s just wrong,” said Mr Troy Williams, ITECA Chief Executive.

The Minister for Education has acknowledged the calls of ITECA and other stakeholders and announced that the 25% student loan tax for FEE-HELP loans will be reduced to the level of 20%.

The lower student loan tax rate is the same as the 20% rate paid by students in the vocational education and training (VET) sector when accessing a VET Student Loan to support their Diploma or Advanced Diploma studies.

“ITECA is a strong advocate for the complete elimination of the student loan tax on both FEE-HELP and VET Student Loans, because it’s simply wrong to tax people investing to achieve their career and life goals. We were pleased to be a party to negotiations that saw this reduction in the FEE-HELP student loan tax as a first step on the journey to completely eliminating the tax,” Mr Williams said.

ITECA is taking a lead role to have the student loan tax removed and is spearheading the ‘End The Student Loan Tax’ campaign that’s enjoying growing momentum. It’s part of an ITECA member-driven advocacy effort to better support students. Other stakeholders are also undertaking their own advocacy on this issue.

“With the great support of ITECA members, we successfully lobbied to have both the student loan taxes suspended for six months as part of the Covid-19 response. That this advocacy has seen the Australian Government commit to a further reduction of the FEE-HELP student loan tax is a great outcome for students studying with independent higher education providers,” Mr Williams said.

Independent providers support around 10% of the 1.5 million students in higher education.

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