

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2003-2004 BUDGET ESTIMATES HEARING

Outcome: 2

Output Group: 2.5 – Assistance for post school students including those with special needs

DEST Question No. E321_04

Senator Harradine asked on 5 June 2003

Question:

I understand that the income tax laws were changed to ensure that investment by students in their education through the Higher Education Contribution Scheme (HECS) was a non-deductible investment, unlike other investments. Will HECS-HELP, FEE-HELP and OS-HELP also be non-deductible?

Answer:

Tax deductibility HELP loan amounts

Taxation Laws were not changed in relation to any of the HELP schemes.

Student contribution amounts deferred through HECS-HELP will not be tax deductible. This has been the case since the inception of HECS.

Tuition fees deferred through FEE-HELP and OS-HELP loan amounts will be tax deductible if there is a direct connection between the self-education expenses and the person's work activities at the time the expenses are incurred.

Repayments made towards any HELP loan will not be tax deductible.

The above policy is in keeping with the current HECS and Postgraduate Education Loan Scheme (PELS) tax deductibility arrangements.