



What is HELP?

From 1 January 2005, the Higher Education Loan Programme (HELP) was introduced, replacing the Higher Education Contribution Scheme (HECS). If the Australian Government lends you money under any of the schemes below you will have a HELP debt. You will be required to start repaying your HELP debt when your repayment income is above the minimum threshold for compulsory repayment.

HELP includes:

- HECS-HELP – for eligible students enrolled in Commonwealth supported places. A HECS-HELP loan will cover all or part of their student contribution.
- FEE-HELP – for eligible fee-paying students enrolled at an eligible higher education provider or Open Universities Australia. FEE-HELP provides students with a loan to cover up to the full amount of their tuition fees.
- OS-HELP – for eligible Commonwealth supported students who wish to study overseas. OS-HELP provides students with a cash loan to cover expenses such as accommodation and travel.

Is interest charged on your debt?

No. You are not charged interest on your debt. Your accumulated HELP debt is indexed annually to maintain its real value by adjusting it in line with changes in the cost of living (as measured by the Consumer Price Index). The indexation figure is calculated each year after the March Consumer Price Index is released.

How much of your debt is indexed?

Indexation is applied to the part of your debt which has remained unpaid for 11 months or more. When indexation is applied to your account the new balance must be a whole dollar amount, so any cents in the total are disregarded. This new balance becomes your new accumulated HELP debt.

Compulsory repayments

When do you start repaying your debt?

You must start repaying your debt when your income includes reportable benefits above the minimum threshold for compulsory repayment. The repayment thresholds are adjusted each year to reflect any changes in average weekly earnings. For the 2009-10 income year the minimum threshold was \$43,151 and for the 2010-11 income year it is \$44,912.

Compulsory repayments are made through your income tax assessments.

You don't have to provide HELP information in your tax return. If you have a debt, and your repayment income is above the minimum repayment threshold, the tax office will work out and include your compulsory repayment in your notice of assessment.

How is your repayment income worked out?

Your HELP repayment income is made up of the following amounts obtained from your tax return:

- your taxable income, plus
- any amount your taxable income was reduced by a net rental loss, plus
- your total reportable fringe benefits amounts shown on your annual PAYG payment summary, plus
- any exempt foreign employment income amounts included in your tax return.
- your total reportable employer super contributions

How are your compulsory repayments calculated?

When your repayment income is above the minimum repayment threshold for any particular year, the ATO will calculate your compulsory repayment for that year when you complete your annual tax return, applying different percentage rates for different ranges of income.

Your compulsory repayment increases as your repayment income increases. The more you earn, the higher your repayment. Your compulsory repayment is based on your income alone – not the income of your parents or spouse.

Compulsory repayments continue until you have repaid your debt.

The income thresholds and repayment rates for income earned during the 10/11 income year are:

Repayment income 2010-11	Repayment rate (% of repayment income)
Below \$44,912	Nil
\$44,912–\$50,028	4% of HRI
\$50,029–\$55,143	4.5% of HRI
\$55,144–\$58,041	5% of HRI
\$58,042–\$62,390	5.5% of HRI
\$62,391–\$67,570	6% of HRI
\$67,571–\$71,126	6.5% of HRI
\$71,127–\$78,273	7% of HRI
\$78,274–\$83,407	7.5% of HRI
\$83,408 and above	8% of HRI

From 1 July 2009 Repayment Income is the sum of, taxable income plus any total net investment loss (which includes net rental losses), total reportable fringe benefits amounts, reportable super contributions and exempt foreign employment income.

For further information please call one of our friendly consultants on:

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Disclaimer: Whenever you are making decisions that affect your income and financial affairs, you should always consider seeking external financial advice