

## Salary packaging and education debts



Depending on your individual circumstances, participation in a salary packaging arrangement may increase the compulsory repayment amount you need to make for the financial year for various education debts, such as HELP (previously known as HECS) and SFSS but it is likely you will still receive a substantial tax benefit.

### Education debts that may be impacted by salary packaging

#### **HELP (Higher Education Loan Program)**

This program is for eligible students enrolled in Commonwealth supported places at university or other higher education providers, or approved vocational education and training providers. Students typically elect to repay the debt via the tax system. Please refer to the table on page 3 for the thresholds and repayment rates.

#### **SFSS (Student Financial Supplement Scheme)**

This was a voluntary loan scheme to help tertiary students cover expenses whilst studying. It ended on 31 December 2003, however existing debts continue to be repaid through the tax system via compulsory repayments. Please refer to the table on page 3 for the thresholds and repayment rates.



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## Repaying your education debt

You are required to start repaying your education debt when your income is above the minimum threshold for compulsory repayment, even if you are still studying. This is known as your Repayment Income and is made up of the following amounts, all of which are obtained from your annual income tax return:

- Your taxable income; plus
- Any amount your taxable income was reduced by a net investment loss; plus
- Your total Reportable Fringe Benefits Amount shown on your annual income statement; plus
- Your reportable employer superannuation contributions shown on your annual income statement; plus
- Any exempt foreign employment income amounts included in your tax return.

Compulsory repayments are made through the taxation system, however you can also make voluntary repayments at any time to reduce your loan balance.

## The impact of salary packaging on your education debt

In the example below, Jenny works for a hospital, earns \$60,000 per year and is salary packaging \$9,010. Kate works for a charity, earns \$60,000 per year and is salary packaging \$15,900. Although HELP compulsory repayments have increased, participation in their employer’s salary packaging program still increases their disposable income.

Jenny



Kate



	Without Salary Packaging	With Salary Packaging	Without Salary Packaging	With Salary Packaging
Gross Salary	\$60,000	\$60,000	\$60,000	\$60,000
Salary packaging amount	\$0	\$9,010	\$0	\$15,900
Reportable fringe benefits amount (RFBA)	\$0	\$17,000	\$0	\$30,000
Taxable salary	\$60,000	\$50,990	\$60,000	\$44,100
Compulsory HELP repayment	\$600	\$1,700	\$600	\$2,223
Take home pay	\$40,402	\$42,186	\$33,512	\$36,851
<b>Saving after HELP payment</b>	<b>\$0</b>	<b>\$1,784</b>	<b>\$0</b>	<b>\$3,339</b>

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## Payroll deductions for education repayments

Your payroll may be able to withhold additional tax throughout the financial year so you don't have to make a lump sum payment towards your education debt after submitting your tax return.

To ensure the correct amount of tax is being withheld from your gross salary, you should seek independent financial advice.

## SFSS repayments and rates

Your compulsory SFSS repayments for the 2024/25 financial year will be calculated based on the 2024/25 study and training loan repayment thresholds and rates shown on the right.

## Other Education Loans

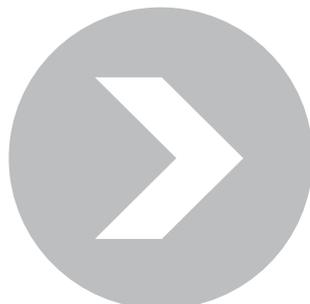
If you have one of the below education loans, please contact the administering organisation to find out if a salary packaging arrangement will impact your repayment amounts or eligibility for the loan.

### SSL (Student Start-up Loan)

This scheme commenced on 1 January 2016 and replaces the previous Student Start-up Scholarship payment. This is a voluntary loan available to eligible students in higher education who receive Youth Allowance, Austudy or ABSTUDY Living allowance. Payments are administered by the Department of Human Services.

### TSL (Trade Support Loans)

Under this program, eligible apprentices are offered loans of up to \$21,078 over 4 years. Payments are administered by the Australian Apprenticeships Centres and the Department of Education and Training.



## 2024/25 study and training loan repayment thresholds and rates

All study and training loans are covered by one set of thresholds and rates.

The hierarchy in which compulsory repayments are applied to study and training loans is HELP, VSL, SFSS, SSL, ABSTUDY SSL and TSL.

Thresholds	Repayment rate
Below \$54,435	0
\$54,435 - \$62,850	1.0%
\$62,851 - \$66,620	2.0%
\$66,621 - \$70,618	2.5%
\$70,619 - \$74,855	3.0%
\$74,856 - \$79,346	3.5%
\$79,347 - \$84,107	4.0%
\$84,108 - \$89,154	4.5%
\$89,155 - \$94,503	5.0%
\$94,504 - \$100,174	5.5%
\$100,175 - \$106,185	6.0%
\$106,186 - \$112,556	6.5%
\$112,557 - \$119,309	7.0%
\$119,310 - \$126,467	7.5%
\$126,468 - \$134,056	8.0%
\$134,057 - \$142,100	8.5%
\$142,101 - \$150,626	9.0%
\$150,627 - \$159,663	9.5%
\$159,664 and above	10%

**Please note:** Please note: Information, advice or guidance provided in this factsheet, is general in nature and provided without reference to your organisation's policies or your personal circumstances. Please contact your accountant, tax agent or legal adviser to determine how the information in this factsheet may apply to you.