INDIVIDUALS	HELP CLIENTS	GUIDE	NAT 3913–06.2007
SEGMENT	AUDIENCE	FORMAT	PRODUCT ID

Australian Government
Australian Taxation Office

Repaying your HELP debt in 2007–08

This guide will help you understand how HELP debts will be repaid in the 2007–08 income year

OUR COMMITMENT TO YOU

We are committed to providing you with advice and information you can rely on.

We make every effort to ensure that our advice and information is correct. If you follow advice in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it. However, we will not charge you a penalty or interest if you acted reasonably and in good faith.

If you make an honest mistake when you try to follow our advice and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest.

If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

If you feel this publication does not fully cover your circumstances, please seek help from the Tax Office or a professional adviser.

The information in this publication is current at June 2007. We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for a more recent version on our website at **www.ato.gov.au** or contact us.

PUBLISHED BY

Australian Taxation Office
Canberra
June 2007

JS 7784

CONTENTS

REPAYING YOUR HELP DEBT – AT A GLANCE

START OF INCOME YEAR – 1 JULY

Studying

Your higher education provider or Open Universities Australia advises the Tax Office of your debt for each census date.

Debts are recorded on your account.

Working

You start work and complete a *Tax file number declaration* (NAT 3092) to advise your payer of your HELP debt.

Your payer withholds pay as you go (PAYG) amounts (including additional amounts for your HELP debt).

Your payer gives you a *PAYG payment summary*.

Your debt is indexed on **1 June** each year in line with the Consumer Price Index.

The Tax Office issues an information statement.

END OF INCOME YEAR – 30 JUNE

You lodge your tax return.

If your repayment income is less than or equal to the minimum repayment threshold ($39,824 in 2007–08) no compulsory repayment is raised.

If your repayment income is above the minimum repayment threshold ($39,824 in 2007–08) a compulsory repayment is included on your notice of assessment unless due to low family income, you are entitled to a reduction of the Medicare levy or you do not have to pay the Medicare levy.

You can make voluntary repayments to us at any time and receive a 10% bonus on some payments.

OVERVIEW OF HELP

WHAT IS A HELP DEBT?

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 repayment 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 approved 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 to a limit of $80,000, and $100,000 for dentistry, medicine or veterinary science courses. These limits are indexed each year.
- OS-HELP – for eligible Commonwealth supported students who want to study overseas. OS-HELP provides students with a cash loan to cover expenses such as accommodation and travel.

WHAT HAPPENED TO YOUR ACCUMULATED HECS DEBT?

On 1 June 2006, all outstanding accumulated HECS debts became accumulated HELP debts.

WHO IS RESPONSIBLE FOR YOUR DEBT?

Your HELP debt is your responsibility. However, anybody can pay your debt for you. Once your income is above the minimum repayment threshold, we will work out your compulsory repayment for the income year. For more information, see 'When do you start repaying your debt?' on page 10.

You, or anyone paying on your behalf, can also make voluntary repayments. Some voluntary repayments attract a 10% bonus. For more information see 'Voluntary repayments' on page 22.

For information about eligibility for HELP, see the Department of Education, Science and Training's *Going to Uni* website at **www.goingtouni.gov.au**

KEEPING TRACK OF YOUR DEBT 01

YOUR HELP ACCOUNT

We keep track of any debts that you have deferred for payment through the tax system. Your account contains a complete record of your debt.

Debts are reported to the Tax Office twice a year for collection through the tax system. You incur a debt on the census date for your unit of study. However, for administrative reasons, we record debts for the period:

- January to June 2007 as being incurred on 31 March 2007, and
- July to December 2007 as being incurred on 31 August 2007.

This does not affect your debt, or the way that indexation or compulsory repayments are calculated.

You should not confuse the dates used by the Tax Office for recording debts with the census date or payment dates set by your higher education provider or Open Universities Australia. Higher education providers and Open Universities Australia can also set an academic withdrawal date as the final day that a student can withdraw from a unit of study without incurring an academic penalty. These dates are usually different to the Tax Office dates.

EXAMPLE: Recording date as 31 March

Kathleen is enrolled in four units of study which all have a census date of 12 May 2007. When Kathleen's debt is reported to us, her debt is recorded as being incurred on 31 March 2007.

EXAMPLE: Recording date as 31 August

Ravi is enrolled in two units of study which both have a census date of 7 July 2007. When Ravi's debt is reported to us, his debt is recorded as being incurred on 31 August 2007.

If you already have an account, we add any new amounts to your existing accumulated HELP debt. If you do not have an existing debt, we create a new account for you. Any repayments you make reduce your total debt.

HOW DO YOU GET INFORMATION ABOUT YOUR ACCOUNT?

In June each year we send you an information statement if there has been 'activity' on your account in the previous 15 months. Activity includes:

- a new debt being added to your account
- a notice of assessment being issued
- a compulsory repayment being raised, or
- a voluntary repayment being made by you or someone on your behalf.

You will not receive an information statement if the only activity on your account is the annual indexation adjustment.

Your information statement gives you:

- the balance of your account (at the previous 1 June)
- an ordered list showing all changes to your account for the past year, including:
  - new debts (except those from the first half of 2007)
  - variation to debts
  - remission of debts
  - compulsory repayments, or
  - voluntary repayments
- the indexation amount applied to the account on 1 June
- the new balance of your account, and
- the amount you need to pay if you want to finalise your account in one voluntary repayment.

We send your information statement to the latest postal address shown on our records.

At any time during the year, you can phone us to get your balance or to order an information statement. See 'More information' on the inside back cover.

To protect the privacy of your information, we need to verify your identity before we can give you details of your account over the phone.

If you have ever lodged a tax return, you must provide **one** of the following account identifiers:

- your tax file number
- your name, or
- your Australian business number.

You must also provide any **three** of the following personal identifiers:

- your date of birth
- your business, residential, postal or email address (one only)
- your financial institution account number
- details from a Tax Office notice, or
- other identifying details – for example, correct account balance, student identification number, higher education provider course code, details of a payment arrangement or taxable income. These must be verified against your account.

If you have never lodged a tax return, you only need to supply **two** personal identifiers from the list above.

WHERE IS THE HELP DEBT FOR YOUR STUDY IN THE FIRST HALF OF 2007?

The balance on your 1 June 2007 information statement does not include any HECS-HELP, FEE-HELP or OS-HELP debts incurred between January and June 2007.

HELP debts for study in 2007 become part of your accumulated HELP debt on 1 June 2008 and will be shown on your 2008 information statement.

IS INTEREST CHARGED ON YOUR DEBT?

No. You are not charged interest on your debt. Your accumulated HELP debt is indexed annually on 1 June 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. The indexation rate applied to debts on 1 June 2007 was 3.4%. 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.

A list of indexation rates applied to debts each year since 1990 is available at **www.ato.gov.au**

EXAMPLE: Indexation

Jacob has an account balance of $10,100 – including his 2006 second half year debt of $1,500. On 1 June 2007, indexation of 3.4% is applied to the portion of Jacob's debt that has remained unpaid for 11 months or more. The following steps are used to calculate the indexation amount and Jacob's new balance after indexation.

Step 1	As Jacob's 2006 second half year debt has been unpaid for less than 11 months, this amount is subtracted before indexation is applied.	$10,100 – $1,500 = $8,600
Step 2	Indexation rate of 3.4% is applied to the amount from step 1.	$8,600 × 3.4% = $292.40
Step 3	The indexation amount at step 2 is added to Jacob's original account balance.	$10,100 + $292.40 = $10,392.40

Therefore, Jacob's new accumulated HELP debt is $10,392 (ignoring cents).

WHAT HAPPENS TO YOUR DEBT IF YOU GO OVERSEAS?

We maintain your account and continue to calculate indexation every year until the debt is paid off. You can still make voluntary repayments when you are overseas. For more information see 'Voluntary repayments' on page 22.

You earn exempt foreign employment income

If you are an Australian resident for tax purposes, you must pay tax in Australia on income from both Australia and overseas. In some circumstances, your foreign employment income may be exempt from Australian tax if you have worked overseas for a continuous period of more than 90 days. However, even if it is exempt, it still may be taken into account to work out the tax on your other assessable income. For HELP purposes, exempt foreign employment income included in your tax return is used to work out your compulsory repayment.

For more information see 'Compulsory repayments' on page 10.

The following examples show two common situations involving exempt foreign employment income. However, these are not the only situations that can occur. If you are unsure how your situation is affected, visit **www.ato.gov.au** or phone **13 28 61** between 8.00am and 6.00pm (EST), Monday to Friday.

EXAMPLE: Working overseas for more than 90 days

Scott has been employed in London since 1 July 2006. He has no immediate plan to return to Australia. However, he is still an Australian resident for tax purposes. During this period, Scott has received AUD $50,000 in exempt foreign employment income, so he will need to lodge his 2006–07 tax return in Australia disclosing his exempt foreign employment income.

As Scott has an accumulated HELP debt of $15,000 and his repayment income for the 2006–07 income year is more than the minimum repayment threshold, he will have a compulsory repayment included on his notice of assessment.

EXAMPLE: Working overseas for part of the year and returning to Australia

Sarah worked in Canada for eight months in the 2006–07 income year. During this time, Sarah earned AUD $45,000 in exempt foreign employment income. She returned to Australia, where she worked the remaining four months of the income year. When Sarah lodges her 2006–07 tax return, she must include her exempt foreign employment income as well as her income earned in Australia.

As Sarah has an accumulated HELP debt of $8,000 and her repayment income for the 2006–07 income year is more than the minimum repayment threshold, she will have a compulsory repayment included on her notice of assessment.

More information about exempt foreign employment income and residency for tax purposes is available at **www.ato.gov.au** and in *TaxPack 2007* (NAT 0976).

WHAT HAPPENS TO YOUR DEBT IF YOU DIE?

If you die, your trustee or executor has to lodge all outstanding tax returns up to the date of your death. Any compulsory repayment included on a notice of assessment which relates to the period before your death must be paid from your estate. The remainder of your debt is cancelled. Neither your family nor the trustee is required to pay the rest of your accumulated HELP debt.

EXAMPLE: Deceased estate

When Amy died on 5 October 2006, she had an accumulated HELP debt of $5,000. The trustee of Amy's estate lodged all of Amy's outstanding tax returns up to the date of death. These were the 2005–06 tax return and 2006–07 tax return (for the period from 1 July 2006 to 5 October 2006). There was a compulsory repayment of $900 included in Amy's 2005–06 notice of assessment, but none in the 2006–07 notice because Amy's income for that year was less than the minimum repayment threshold. The $900 must be paid from Amy's estate, but the remaining debt of $4,100 is cancelled.

WHAT HAPPENS TO YOUR DEBT IF YOU GO BANKRUPT?

HELP debts and accumulated HELP debts are not provable under the *Bankruptcy Act 1966* so you will have to pay them as if you had not been declared bankrupt.

02 COMPULSORY REPAYMENTS

WHEN DO YOU START REPAYING YOUR DEBT?

You must start repaying your debt when your repayment income is above the minimum repayment threshold for compulsory repayment. The repayment thresholds are adjusted each year to reflect any changes in average weekly earnings. For the 2006–07 income year, the minimum threshold was $38,148. For the 2007–08 income year, it is $39,824.

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, we will work out your compulsory repayment and include it on your notice of assessment.

> ! If your repayment income is above the minimum repayment threshold, you must start repaying your debt even if you are still studying.

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 summaries*, plus
- any exempt foreign employment income amounts included in your tax return.

For more information on net rental losses, reportable fringe benefits or exempt foreign employment income refer to *TaxPack 2007* (NAT 0976) or see 'Useful products and services' on page 27.

EXAMPLE: Repayment income for the 2006–07 income year

Isabelle has taxable income of $40,420. In her tax return she claims a net rental loss on a rental property of $1,250, has a total reportable fringe benefits amount of $3,560, and an exempt foreign employment income amount of $2,580. Isabelle's repayment income for 2006–07 is $47,810 ($40,420 + $1,250 + $3,560 + $2,580).

HOW ARE YOUR COMPULSORY REPAYMENTS CALCULATED?

When your repayment income is above the minimum repayment threshold for any particular year, we will calculate your compulsory repayment for that year, 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 2006–07 and 2007–08 income years are shown on the next page.

Repayment income 2006–07	Repayment rate (% of repayment income)
Below $38,149	Nil
$38,149–$42,494	4.0%
$42,495–$46,838	4.5%
$46,839–$49,300	5.0%
$49,301–$52,994	5.5%
$52,995–$57,394	6.0%
$57,395–$60,414	6.5%
$60,415–$66,485	7.0%
$66,486–$70,846	7.5%
$70,847 and above	8.0%

Repayment income 2007–08	Repayment rate (% of repayment income)
Below $39,825	Nil
$39,825–$44,360	4.0%
$44,361–$48,896	4.5%
$48,897–$51,466	5.0%
$51,467–$55,322	5.5%
$55,323–$59,915	6.0%
$59,916–$63,068	6.5%
$63,069–$69,405	7.0%
$69,406–$73,959	7.5%
$73,960 and above	8.0%

EXAMPLE: Compulsory repayment

Pasindu's repayment income for the 2006–07 income year was $39,760 and the repayment rate for repayment income from $38,149 to $42,494 was 4.0%. Pasindu's compulsory repayment was $39,760 × 4.0% = $1,590.40.

EXAMPLE: No compulsory repayment

Adam's repayment income for the 2006–07 income year was $26,125. As his repayment income was below the minimum repayment threshold of $38,149, a compulsory repayment was not included on his 2007 notice of assessment.

If the calculated repayment amount is more than the balance of your accumulated HELP debt, you pay only the balance.

DO YOU HAVE TO MAKE A COMPULSORY REPAYMENT IF YOU HAVE LOW FAMILY INCOME?

If you have a spouse or dependants and if, due to low family income, you are entitled to a reduction of the Medicare levy or you do not have to pay the Medicare levy, you will not have to make a compulsory repayment for that year.

If you do not have to make a compulsory repayment, you may ask your payer not to withhold additional amounts from your pay. For more information see 'HELP and pay as you go' on page 16.

HOW DO YOU MAKE A COMPULSORY REPAYMENT?

When you lodge your tax return, we will process it and send you a notice of assessment. The amount of your compulsory repayment is calculated and included on the notice of assessment. The repayment is part of your total income tax assessment.

Your notice of assessment will tell you the amount of your:

- compulsory repayment
- the amount of debt used to calculate your compulsory repayment, and
- refund or tax debt.

If you have a tax debt, the notice of assessment will also show the date by which you must pay it.

ARE YOU ABLE TO DEFER YOUR COMPULSORY REPAYMENT?

You may apply to defer your compulsory repayment if:

- you believe that making your compulsory repayment would cause you serious hardship, or
- there are other special reasons why you believe that you should not make a compulsory repayment.

If you apply to defer your repayment under serious hardship, we will ask you for a detailed statement of your household income and expenditure to justify your claim. You may also be asked to substantiate or provide further explanation of that expenditure.

Serious hardship

This exists when you are unable to provide food, accommodation, clothing, medical treatment, education or other necessities for you or your family or other people for whom you are responsible.

Other special reasons

These cover any unusual or exceptional circumstances that do not qualify as serious hardship but make it fair and reasonable for you not to make your compulsory repayment. If you consider that there are other special reasons why you should not make your compulsory repayment, you should clearly explain the grounds and reasons for your claim.

Even if you are able to show that your expenditure easily exceeds your income, it does not automatically mean that your application will be successful under serious hardship. You must be able to show that making your repayment has caused or would cause you serious hardship, or show that other special reasons apply to your circumstances.

To order a copy of *Deferring your compulsory HELP, HECS or Financial Supplement repayment* (NAT 2471) see 'Useful products and services' on page 27. To get help completing the application see 'More information' on the inside back cover.

WHEN CAN YOU APPLY TO DEFER YOUR COMPULSORY REPAYMENT?

Higher Education Loan Programme (HELP)

Compulsory HELP repayments relate only to 2005–06 and later income years. There are time limits for applying to defer compulsory HELP repayments.

If you have lodged your tax return and you have received a notice of assessment that includes a compulsory HELP repayment, an application to defer that compulsory repayment should be made no later than two years after the end of the income year to which the assessment relates. If the application is made outside this time period, you must provide reasons to justify the later application.

If you have not lodged your tax return and you do not want a compulsory HELP repayment included on your notice of assessment for that particular year, you may apply to defer the repayment for that year if it is the current income year, the previous income year, or the next income year. We cannot consider an application made outside these years.

Higher Education Contribution Scheme (HECS)

Compulsory HECS repayments relate only to 2004–05 and earlier income years. You can apply to defer your compulsory HECS repayment at any time.

WHAT HAPPENS TO YOUR APPLICATION?

How will you know if your application has been successful?

We will advise you of our decision in writing within 28 days of receiving your application.

If your application is successful and you had a compulsory repayment included on an assessment, your income tax assessment will be amended.

> ! The amended notice of assessment you receive may not show a refund. It may simply show a reduction of your total outstanding tax debt.
>
> Your accumulated debt will continue to be indexed.

Your compulsory repayment is not waived. It is added back to your accumulated debt and deferred until the next income year that your income is above the minimum repayment threshold for compulsory repayment. If you want to continue to defer your repayment after this time you will need to reapply.

If you have additional amounts withheld from your payments and have successfully applied to defer a compulsory repayment being included for the current or future income years, you will be sent a *PAYG income tax withholding variation (ITWV) short application*. When we receive your completed application, we will advise your payer the correct amount to withhold.

If your application is approved, how long will your repayment be deferred for?

Your compulsory repayment may be deferred for any period we consider appropriate. However, in most circumstances, it would not be deferred for more than one year.

What happens if your application is not successful or the amount granted is different from the amount requested?

If your application is not successful or is different from the amount requested, you will receive written notification including an explanation of the reason(s) for the decision. You will still be liable to pay any outstanding compulsory repayment.

The explanation will also include contact details for the person who considered your application. If you would like to discuss the result of your application, or you have additional information that you think could result in further consideration, you should phone that person.

If you have discussed your application with the contact officer and you are unhappy with the decision, you may apply to the Tax Office for the decision to be reviewed. Requests for a review must be made in writing and lodged within 28 days after the day when you received notice of the decision. You will be notified of the outcome of the review within 28 days of us receiving your request.

Once your decision has been reviewed, you may then apply to the Administrative Appeals Tribunal (AAT) for a review of that decision. The application must be lodged with the AAT within 28 days of the letter advising you of the outcome of the review.

WHAT IF YOU DO NOT QUALIFY FOR A DEFERMENT AND CANNOT PAY YOUR TAX DEBT ON TIME?

If you cannot pay your tax on time, phone the Account Management Infoline on **13 11 42** between 8.00am and 6.00pm (EST), Monday to Friday to discuss your situation. Depending on your circumstances, you may be able to:

- defer the payment, or
- enter into an arrangement to pay by instalments.

In some circumstances, you will need to provide written details of your financial position, including a statement of your assets and liabilities and details of your income and expenditure. You may also be asked to substantiate or provide further explanation of that expenditure.

We will also want to know what steps you have taken to obtain funds to pay your tax debt and what steps you are taking to make sure you pay future tax debts on time.

If we agree to defer the time for payment, General Interest Charge (GIC) will not apply until after the deferred date for payment. Alternatively, if we allow you to pay by instalments, we will charge you GIC on the outstanding balance from the original due date.

You can claim any interest we charge as a tax deduction in the income year in which you incur it. If we charge you interest, you can request a remission of all or part of the charge. Phone the Account Management Infoline for more information.

CAN YOU OBJECT TO A COMPULSORY REPAYMENT?

If you think the compulsory repayment shown on your notice of assessment is wrong, check the details on your notice of assessment against those in your tax return. You can phone us if you still think there is a problem. See 'More information' on the inside back cover. When you phone us, you will need your notice of assessment and, if possible, a copy of your tax return.

After speaking to us, if you still believe the details shown on your notice of assessment are wrong, you can request an amendment or lodge an objection with us within the appropriate time limits.

Requests for amendments and objections must be made in writing and lodged with us. Refer to *TaxPack 2007* (NAT 0976) or e-tax 2007 for more information on time limits and how to request an amendment or lodge an objection.

If you are unhappy with a decision of the Tax Office not to allow your objection, you can apply to the Administrative Appeals Tribunal or the Federal Court for a review of the decision.

ARE COMPULSORY REPAYMENTS TAX DEDUCTIBLE?

No. Compulsory repayments are not tax deductible.

03 HELP AND PAY AS YOU GO

The PAYG system has two distinct parts. If you receive payments for work and services, benefit and compensation payments, or superannuation streams and annuities, you may have amounts withheld from your payments under the PAYG withholding system. If you have business or investment income, you may have to pay PAYG instalments.

DO YOU NEED ADDITIONAL PAYG AMOUNTS WITHHELD?

If you have an accumulated HELP debt and earn more than the minimum repayment threshold, you will have a compulsory repayment included as part of your income tax assessment. You **must** advise your payer if you have an accumulated HELP debt. Your payer (or payers, if you have more than one source of income) **must** withhold an additional amount from payments made to you to cover your compulsory repayment.

When you first start to receive payments subject to PAYG withholding, you will need to complete a *Tax file number declaration* (NAT 3092). Your payer may have copies of this form or see 'Useful products and services' on page 27 to order a copy. You must answer 'Yes' to the question 'Do you have an accumulated Higher Education Loan Programme (HELP) debt?'

Your payer will withhold an amount from your payments according to the circumstances stated in your *Tax file number declaration* and the rates specified in the PAYG withholding tax tables.

Your payer must withhold amounts from your payments at the highest marginal tax rate plus the Medicare levy (currently 46.5%) if:

- you choose not to provide a *Tax file number declaration*, or
- your declaration is incomplete.

WHAT HAPPENS IF YOUR CIRCUMSTANCES CHANGE?

If you are receiving payments from a payer and you acquire a debt, advise your payer by completing a *Withholding declaration* (NAT 3093) and answering 'Yes' to the question 'Do you have an accumulated Higher Education Loan Programme (HELP) debt?'

If you have paid off your accumulated debt, advise your payer by completing a new *Withholding declaration* and answering 'No' to the question 'Do you have an accumulated Higher Education Loan Programme (HELP) debt?'

To order a *Withholding declaration, see* 'Useful products and services' on page 27.

WHAT HAPPENS IF YOU DON'T ADVISE YOUR PAYER THAT YOU HAVE A HELP DEBT?

If your payer does not withhold an additional amount, you may end up with a large sum to pay when your tax return is processed and your notice of assessment is issued.

HOW MUCH IS WITHHELD FOR HELP DEBTS?

In the 2007–08 income year, your payer must withhold additional amounts when your payments reach $765 or more per week. We provide tax tables to show you the additional amount that will be withheld from your payments. Tax tables are available from **www.ato.gov.au** or see 'Useful products and services' on page 27 to order these publications.

The tables below show sample figures taken from the weekly and fortnightly tax tables for 2007–08.

Weekly income	Weekly component	Fortnightly income	Fortnightly component
$765	$31	$1530	$62
$853	$38	$1706	$76
$940	$47	$1880	$94
$993	$55	$1986	$110
$1063	$64	$2126	$128
$1152	$75	$2304	$150
$1212	$85	$2424	$170
$1334	$100	$2668	$200
$1422	$114	$2844	$228

WHAT HAPPENS TO THE ADDITIONAL AMOUNTS WITHHELD FROM YOUR PAYMENTS?

The additional amounts withheld by your payer are to cover any compulsory repayment that may be calculated on your notice of assessment. The additional amounts withheld are not credited to your account, but form part of the **total tax withheld** on your annual *PAYG payment summary*. Your payer will provide you with this summary at the end of each income year.

When you lodge your tax return, we calculate the amount of income tax, Medicare levy and compulsory repayment to be paid, based on the information in your tax return. You will receive a credit for all the amounts withheld during the year. They are shown on your notice of assessment as **PAYG Withholding Credits**.

If you had too much withheld during the year and you have no other outstanding debts, we will refund the excess to you.

The compulsory repayment shown on your notice of assessment is credited to your HELP account on the date the notice of assessment is issued.

EXAMPLE: Additional amount withheld

Matthew has a HELP debt of $15,000. In the 2006–07 income year, Matthew earned $1,594 per fortnight. His payer withheld an amount of $390 per fortnight ($326 for income tax and the Medicare levy plus $64 for HELP). At the end of the income year, Matthew received his annual *PAYG payment summary* showing that he had received gross payments of $41,444 and had $10,140 withheld from his payments.

In July 2007, Matthew lodged his 2006–07 tax return. As well as the income from his job, Matthew received interest of $200 from his bank account. He also claimed a deduction of $100 for gifts to charity and $300 for work related expenses. With interest and deductions included, Matthew's total taxable income was $41,244.

On 29 July 2007, Matthew's notice of assessment is issued. It looks like this:

Income Tax Assessment Act 1936 and Income Tax Assessment Act 1997

NOTICE OF ASSESSMENT

For the year ending 30 June 2007 (or substituted accounting period)

Your taxable income is $41,244	$ c
Tax on taxable income	7,723.20DR
Medicare levy	618.66DR
Your higher education repayment is – based on a debt of $15,000	1,649.76DR
PAYG Withholding Credits	10,140.00CR
Balance of this assessment	48.38CR

As Matthew had more than enough withheld during the year, he receives a refund of $148.38. The compulsory repayment of $1,649.76 (that is, 4.0% of $41,244) is credited to Matthew's HELP account on 29 July 2007.

WHEN CAN YOU VARY OR STOP HAVING ADDITIONAL AMOUNTS WITHHELD FOR HELP DEBTS?

You pay off your accumulated HELP debt part way through the year

If you know that your accumulated HELP debt will be reduced to nil part way through the income year (either through a voluntary repayment or through amounts withheld), you should complete a *Withholding declaration* (NAT 3093) when you estimate the debt has been paid off. Answer 'No' to the question 'Do you have an accumulated Higher Education Loan Programme (HELP) debt?' This means your payer can stop withholding additional amounts.

If you have had too much withheld, you can wait until we issue your notice of assessment to receive a refund, or you can apply to vary the amount withheld. To do this, you will need to complete and send us a *2008 PAYG income tax withholding variation (ITWV) short application* (NAT 5425). We will then instruct your payer to reduce the amount withheld until the overpayment is cleared.

You have more than one job

If your payments from all jobs add up to more than the minimum repayment threshold for the income year, you will have a compulsory repayment included in your next notice of assessment.

You can ask one or more of your payers to withhold additional amounts to cover your compulsory repayment. If you want one or more of your payers to withhold additional amounts to cover any compulsory repayment, complete the 'Upwards variation agreement' in the *Withholding declaration* (NAT 3093). To order a copy see 'Useful products and services' on page 27.

Your repayment income will be much lower than your annual income

If, for example, you earn $50,000 per year but you have deductions (such as self education expenses) which will reduce your repayment income to $40,000, you can arrange to reduce the amount withheld to reflect your adjusted repayment income. In the 2007–08 income year, the additional amount withheld for $50,000 is $48.00 per week while for $40,000 the additional amount withheld is $31.00 per week.

You will need to complete and send us a *2008 PAYG income tax withholding variation (ITWV) application (NAT 2036).* We will then advise your payer the correct amount to withhold. To order a copy see 'Useful products and services' on page 27.

You are a full-time student and only work full-time during your holidays

If you have a holiday or part-time job and you earn $765 or more per week, but your repayment income for the 2007–08 income year is not above the minimum repayment threshold, you can apply to us to get your payer to stop withholding additional amounts for your HELP debt. You will need to complete and send us a *2008 PAYG income tax withholding variation (ITWV) application* (NAT 2036). We will then advise your payer the correct amount to withhold.

Enough additional amounts are withheld to cover your current year compulsory repayment

If part way through a year, enough has been withheld to meet your compulsory repayment, you can apply to us to get your payer to stop withholding additional amounts for the rest of that year. You will need to complete and send us a *2008 PAYG income tax withholding variation (ITWV) short application* (NAT 5425). We will then advise your payer the correct amount to withhold. To order a copy, see 'Useful products and services' on page 27.

EXAMPLE: Varying amount withheld

Van has an accumulated HELP debt of $5,000 and estimates that his compulsory repayment for the 2007–08 income year will be $750. Van has additional amounts withheld from his payments, but later realises that the additional amounts withheld will reach $750 by March 2008. In February 2008, Van needs to complete a *2008 PAYG income tax withholding variation (ITWV) short application* (NAT 5425) and send it to us. We will then advise Van's payer to stop withholding additional amounts for the rest of the 2007–08 income year.

If you receive 53 weekly pays or 27 fortnightly pays in an income year

The amounts to be withheld for HELP debts as shown in the PAYG withholding tax tables are based on income being received over 52 weekly pays or 26 fortnightly pays. In some income years you may have 53 weekly pays or 27 fortnightly pays.

If you have an extra payday that will take your annual income into a higher repayment bracket, you may not have enough amounts withheld to cover the increase in your compulsory repayment. If you want your payer to withhold extra amounts to cover the increase, you can complete the 'Upwards variation agreement' in the *Withholding declaration* (NAT 3093) and give it to your payer.

You will receive reportable fringe benefits amounts of $3,738 or more

Amounts withheld from your payments for HELP debts do not take reportable fringe benefits amounts into consideration. If you want your payer to withhold additional amounts to cover the increased compulsory repayment due to reportable fringe benefits amounts, you can complete the 'Upwards variation agreement' in the *Withholding declaration* (NAT 3093) and give it to your payer.

For more information, refer to *Reportable fringe benefits – facts for employees* (NAT 2836). See 'Useful products and services' on page 27 to order a copy.

You are not required to make a compulsory repayment because of low family income

If, due to low family income, you are entitled to a reduction of the Medicare levy or you do not have to pay the Medicare levy, you can give your payer a completed *Medicare levy variation declaration* (NAT 0929). Answer 'Yes' to question 11a. Your payer will then stop withholding additional amounts for that year. To order a *Medicare levy variation declaration, see* 'Useful products and services' on page 27.

CAN YOU GET A VARIATION BECAUSE YOUR PAYER IS GOING TO PAY YOUR DEBT?

No. The debt is legally yours so you must have additional amounts withheld to cover any compulsory repayment that may be included on your notice of assessment. If your payer chooses to reimburse you, your payer may be liable for fringe benefits tax.

WHAT ARE PAYG INSTALMENTS?

PAYG instalments is a system where you make payments towards your expected tax liability on your investment and business income for the current income year.

Based on your last assessed tax return, we calculate and advise you of:

- a PAYG instalment amount that you can pay (quarterly, twice yearly or annually), and
- an instalment rate that you can use to work out your instalment amount yourself (quarterly).

The instalment rate and instalment amount take into account your accumulated HELP debt. You can vary your instalment rate or amount to take into account your personal circumstances.

If you pay off your accumulated HELP debt with a voluntary repayment during the year, after you have been advised of your instalment rate or amount, you may want to vary your instalment rate or amount to take out the HELP component. For more information refer to *How to vary quarterly PAYG instalments for the 2008 income year* (NAT 4159). See 'Useful products and services' on page 27 to order a copy.

04 VOLUNTARY REPAYMENTS

You can make voluntary repayments of any amount to us to reduce your debt.

Making a voluntary repayment reduces your debt immediately.

However, you may still have to make a compulsory repayment if, after making the voluntary repayment, you:

- still have an accumulated HELP debt, and
- your repayment income is above the minimum compulsory repayment threshold.

Voluntary repayments are in addition to compulsory repayments. They are not refundable.

Some voluntary repayments attract a bonus.

WHAT BONUS APPLIES TO VOLUNTARY REPAYMENTS?

If you make a voluntary repayment of $500 or more, you will receive a bonus of 10%. This means your account will be credited with an additional 10% of your payment.

The bonus is 10% of the payment that you make, not 10% of the outstanding debt. You will not receive a bonus on repayment amounts that are more than the balance of your account.

EXAMPLE: Voluntary repayment

Shannon has a debt of $4,500 and makes a $1,500 voluntary repayment. With the 10% bonus the value of her repayment is $1,650 ($1,500 × 1.10) and her total debt is reduced to $2,850 ($4,500 – $1,650). Her bonus amount is $150 ($1,500 × 10%).

If you make a voluntary repayment to pay off your total debt, the amount of the repayment you need to make in order to repay the total debt is calculated by dividing the debt by 1.10. Round the amount of your payment down to the nearest dollar.

If you pay off your HELP debt with a voluntary repayment of less than $500, you may be entitled to the 10% bonus. The bonus will be applied to your payment if it pays off your HELP debt. However, if you have any HELP debts that have not been reported to the Tax Office at the time of the payment, the bonus may be reversed once those debts are transferred to your account.

EXAMPLE: Voluntary repayment of a total debt

Vittorio's total debt is $2,002. To pay off his debt he only needs to repay $1,820 ($2,002 ÷ 1.10 = $1,820). His bonus amount would be $182 ($1,820 × 10%).

WHEN IS THE BEST TIME TO MAKE A VOLUNTARY REPAYMENT?

If you plan to pay off your total debt with a voluntary repayment, please make the repayment before you lodge your tax return. If your tax return is processed before your voluntary repayment is credited to your account, a compulsory repayment may be included on your notice of assessment and you may not receive the bonus on the voluntary repayment.

You may also benefit if you make a voluntary repayment before indexation is applied on 1 June (see 'How much of your debt is indexed?' on page 7). If you intend to make a voluntary repayment before indexation is applied, it is important to allow enough time for the payment to be processed and credited to your account before 1 June.

Do not make voluntary repayments to us before you have incurred a debt.

You incur a debt on the census date for your unit of study. However, for administrative reasons, we record debts for the period:

- January to June 2007 as being incurred on 31 March 2007, and
- July to December 2007 as being incurred on 31 August 2007.

Payments made before a debt is incurred will not receive a bonus.

HOW DOES SALARY PACKAGING AFFECT YOUR VOLUNTARY REPAYMENTS?

Some people make salary packaging arrangements with their payers to pay off their debts with voluntary repayments. If you make such an arrangement:

- make your repayments using one of the methods listed under 'How do you make a voluntary repayment?' on the next page so that they are promptly credited to your account, and
- stop making repayments as soon as you have paid off your account.

The bonus on voluntary repayments applies only to individual repayments of $500 or more (after any administrative costs or fees that may be imposed by your payroll company). Two payments of $250 each will not receive a bonus, but one payment of $500 will receive a bonus.

Entering into a salary sacrifice arrangement may result in your payer providing a fringe benefit to you. You will have a reportable fringe benefits amount stated on your annual *PAYG payment summary* if the total taxable value of reportable fringe benefits you receive in a fringe benefits tax year is $3,738 or more.

For more information refer to *Salary sacrifice arrangements for employees (NAT 7424).* See 'Useful products and services' on page 27 to order a copy.

ARE VOLUNTARY REPAYMENTS TAX DEDUCTIBLE?

Any voluntary repayments made by you or by someone other than your payer are not tax deductible. If your payer makes voluntary repayments on your behalf, they may be able to claim a tax deduction. However, they may also be liable for fringe benefits tax on the repayments.

HOW DO YOU MAKE A VOLUNTARY REPAYMENT?

There are several ways to make your repayment including BPAY®, direct credit, mail or in person at an Australia Post outlet. If you need a receipt, you should make your payment through BPAY or in person at any Australia Post outlet.

Electronic payments

When making payments by BPAY or direct credit, check with your financial institution for processing deadlines to ensure your payments reach us on or before the due date. Payments made out of hours, on a weekend or public holidays, **will not** reach us until the next working day.

What is my Electronic Funds Transfer (EFT) code?

Your EFT code is the reference number. It is printed directly above the barcode on your payment slip or on the top right of your information statement just below your tax file number.

If you pay using BPAY or direct credit, you will need this number.

® Registered to BPAY PTY LTD ABN 69 079 137 518

BPAY

Biller code **75556**

Make a payment directly from your cheque or savings account to us using your financial institution's phone or internet banking service.

Details you need

Biller code:	75556
Reference:	Your EFT code

Direct credit

Transfer your payment to us online from your cheque or savings account

Details you need

Bank:	Reserve Bank of Australia
BSB number:	093 003
Account number:	316 385
Account name:	ATO direct credit account
Reference:	Your EFT Code

Mail

Mail your cheque or money order to us.

Cheques and money orders should be for amounts in Australian dollars and payable to 'Deputy Commissioner of Taxation'. Cheques should be crossed 'Not Negotiable' and must not be post dated.

You should also include your payment slip or a note that states your:

- full name
- address and phone number
- account identifier such as tax file number (TFN), Australian business number (ABN), client identification number, etc.
- payment type – HELP, BAS payment, income tax etc.

Mail your payment and payment slip or note to:

- **WA**, **SA**, **NT**, **TAS** or **VIC** residents
  Australian Taxation Office
  Locked Bag 1936
  ALBURY NSW 1936
- **NSW**, **ACT** or **QLD** residents
  Australian Taxation Office
  Locked Bag 1793
  PENRITH NSW 1793

Do not use pins, staples, paper clips or adhesive tape. Do **not** send cash.

Australia Post

If you have a pre-printed payment slip with a barcode, you can pay in person at any Australia Post outlet. Photocopies of payment slips are not accepted.

A $3,000 limit applies to cash payments. EFTPOS payments are subject to daily withdrawal limits.

Cheques and money orders should be for amounts in Australian dollars and payable to 'Deputy Commissioner of Taxation'. Cheques should be crossed 'Not Negotiable' and must not be post dated.

Order a book of payment slips

You may need to use personalised pre-printed payment slips for some payment options. You can order a booklet of payment slips by phoning:

- **13 28 65** and following the prompts – you will need your tax file number to use this automated ordering service, or
- **13 28 61** between 8.00am and 6.00pm (EST), Monday to Friday. You will need to give your name, address and tax file number and advise that you need payment slips for HELP repayments. We will mail a booklet of payment slips to your address.

Paying from overseas

BPAY

If you have an Australian bank account, you can use your financial institution's phone or internet banking service to make your payment from your cheque or savings account.

Details you need

Biller code:	75556
Reference:	Your EFT code

Direct credit through SWIFT or by mail

For more details about these payment options:

- visit **www.ato.gov.au/howtopay**
- phone **+612 6216 1111** and ask to be connected to **extension 87 511**, between 8.00am and 6.00pm (AEST), Monday to Friday
- email **payment@ato.gov.au**

Receipts

Request a receipt by:

- phone **1800 815 886**
- email **payment@ato.gov.au**

Your request will need to include:

- the date of payment
- the amount paid
- EFT code that appears on your Tax Office statement

Please note:

- you cannot pay your bill or account by credit card, and
- payments cannot be made at Tax Office branches.

IF YOU NEED MORE INFORMATION

BPAY, direct credit, mail and Australia Post payments:

- phone **1800 815 886**
- email **payment@ato.gov.au**

USEFUL PRODUCTS AND SERVICES

We produce a number of products about personal tax that you may find useful.

FORMS AND PUBLICATIONS

You can get the following forms and publications from **www.ato.gov.au** or by phoning our operator assisted ordering service on **1300 720 092** between 8.00am and 6.00pm (EST), Monday to Friday:

- *Salary sacrifice arrangements for employees* (NAT 7424)
- *Higher Education Loan Programme weekly tax table* (NAT 2173)
- *Higher Education Loan Programme fortnightly tax table* (NAT 2185)
- *Higher Education Loan Programme monthly tax table* (NAT 2186)
- *Statement of formulas for calculating HELP component* (NAT 2335)
- *Repaying your Financial Supplement loan* (NAT 2789)
- *Reportable fringe benefits – facts for employees* (NAT 2836)
- *Medicare levy variation declaration* (NAT 0929)
- *TaxPack 2007* (NAT 0976)
- *Tax file number declaration* (NAT 3092)
- *Withholding declaration* (NAT 3093)
- *Withholding declaration – upwards variation* (NAT 5367)
- *How to vary quarterly PAYG instalments for the 2008 income year* (NAT 4159)
- *2008 PAYG income tax withholding variation (ITWV) application* (NAT 2036), or
- *2008 PAYG income tax withholding variation (ITWV) short application* (NAT 5425)

Phone **1300 650 225** between 8.00am and 5.00pm (EST), Monday to Friday to order a copy of *Deferring your compulsory HELP, HECS or Financial Supplement repayment* (NAT 2471).

AUTOMATED SELF-HELP PUBLICATION ORDERING SERVICE

Available 24 hours per day, seven days per week on **13 28 65**.

The automated self-help ordering service is a speech recognition system that requires the caller to use their own speaking voice to place the order. The service is suitable for callers who know the full title of the publication they want to order and have no other questions. There is no need to press any buttons. Callers just need to follow the prompts as if they are talking to a real person. The service does not accept NAT numbers.

DO YOUR INCOME TAX ONLINE USING E-TAX

You can lodge your tax return online using e-tax at **www.ato.gov.au**

- It's free, fast, safe and secure and most refunds are issued in 14 days.
- There are built in checks and calculators to help you get it right.
- Access your:
  - Centrelink, Department of Education, Science and Training and Department of Veterans' Affairs payment summary information
  - Medicare financial tax statement
  - 30% child care tax rebate details
  - investment income details from selected financial institutions and managed funds
- It can give you an estimate of your HELP compulsory repayment (you will need to enter information from your HELP information statement).

Download e-tax at **www.ato.gov.au** from 1 July.

Tax Help

Tax Help may be the answer if you are a low income earner and need help completing your:

- tax return
- application for a refund of imputation credits, or
- baby bonus application.

Tax Help is a network of community volunteers trained and supported by us to help taxpayers. Each year, Tax Help volunteers assist more than 70,000 Australians with their tax obligations.

It is a free and confidential service available to people on low incomes – including seniors, people from non-English speaking backgrounds, people with a disability, Aboriginal people, Torres Strait Islander people and students. Volunteers can explain your tax obligations and help you prepare your tax return accurately.

Tax Help is available during tax time – 1 July to 31 October. To see if you are eligible, or to find out where your nearest Tax Help centre is, phone **13 28 61** between 8.00am and 6.00pm (EST), Monday to Friday.

MORE INFORMATION

INTERNET

You can visit:

- **www.ato.gov.au** to download HELP and general tax publications

PHONE

Tax Office

- **13 28 61** for information about HELP and personal tax topics. Phone between 8.00am and 6.00pm (EST), Monday to Friday. We can help you:
  - understand how repayments are calculated and how indexation works
  - order a statement of your account
  - get the balance of your account, or
  - confirm a voluntary repayment
- **1300 650 225** between 8.00am and 5.00pm (EST), Monday to Friday for help with:
  - getting your HELP EFT code
  - the effect of bankruptcy on your debt
  - applying to defer your compulsory repayment, or
  - completing *Deferring your compulsory HELP, HECS or Financial Supplement repayment* (NAT 2471) form
- **1300 720 092** between 8.00am and 6.00pm (EST), Monday to Friday to order the publications listed in 'Useful products and services' on page 27.

MAIL

Send written correspondence, except for payments, to:

Australian Taxation Office
PO Box 1032
ALBURY NSW 2640

OTHER SERVICES

If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.

If you have a hearing or speech impairment and have access to appropriate TTY or modem equipment, phone **13 36 77**. If you do not have access to TTY or modem equipment, phone the Speech to Speech Relay Service on **1300 555 727**.

DEPARTMENT OF EDUCATION, SCIENCE AND TRAINING

The Department of Education, Science and Training (DEST) can provide general information about eligibility for HELP and a wide range of other information for higher education students.

You can:

- visit **www.goingtouni.gov.au**
- check the 'Frequently Asked Questions' page, in the 'Questions, feedback, contacts' section of the website
- submit an enquiry through the Student Enquiry Form also available in the 'Questions, feedback, contacts' section of the website
- phone DEST's Higher Education Student Enquiry line on:
  - **1800 020 108**
  - TTY Freecall **1800 554 609**
  - International callers **+61 38341 3615**