



# Trade Support Loans Fact Sheet

## What are Trade Support Loans?

Trade Support Loans provide up to \$20,000 to apprentices in priority areas to assist them with the costs of living and learning while undertaking an apprenticeship. A 20 per cent discount is applied on the amount borrowed when the apprentice successfully completes their apprenticeship. Apprentices are required to repay the loans through the tax system when their repayment income meets the repayment threshold.

The loans are flexible to meet the needs of each individual. For instance an apprentice can apply for six months only to buy their tools, they could save up their first year's payments to buy a second hand vehicle then opt-out of further payments or they can take the full loan to cover living expenses, such as rent, public transport and phone bills throughout their years of training.

## Who is eligible to apply for Trade Support Loans?

To be eligible for Trade Support Loan payments, you must:

- reside in Australia and be an Australian citizen, or the holder of a permanent visa;
- be undertaking a:
  - Certificate III or IV level qualification that leads to an occupation on the National Skills Needs List; or
  - Certificate II, III or IV agricultural qualification; or
  - Certificate II, III or IV horticulture qualification while working in rural or regional Australia; and
- meet the eligibility criteria which is assessed by your Australian Apprenticeships Centre (AAC) on receipt of a Trade Support Loans Application Form.

There are no age restrictions for applying for a Trade Support Loan. If you are under 18 years of age, you are required to read the "Under 18s Fact Sheet" before applying. There is also further information available on the MoneySmart website which is available at [www.moneysmart.gov.au/life-events-and-you/under-25s/studying](http://www.moneysmart.gov.au/life-events-and-you/under-25s/studying).

In addition, if you are under 18 years of age you are encouraged to seek the acknowledgment of a parent or guardian, by having them sign the Trade Support Loans Application Form, to demonstrate that you understand that the Trade Support Loan must be repaid. Further information is available:

*Trade Support Loans Under 18s Fact Sheet; Trade Support Loans Under 18s Parent/Guardian Fact Sheet*, for parents and guardians to ensure they are aware of the requirements and obligations that you may take on.

## Do I have to take out a Trade Support Loan?

No, you do not have to take out a Trade Support Loan even if you are eligible. Taking out a loan is a serious financial responsibility, and it is recommended that you do your research and assess whether it is the best option for you. Information to help you make a decision and identify the responsibilities involved in taking out a loan is available on the Money Smart website at [www.moneysmart.gov.au/borrowing-and-credit/borrowing-basics](http://www.moneysmart.gov.au/borrowing-and-credit/borrowing-basics).

It is your responsibility to be aware of your obligations under Trade Support Loans.

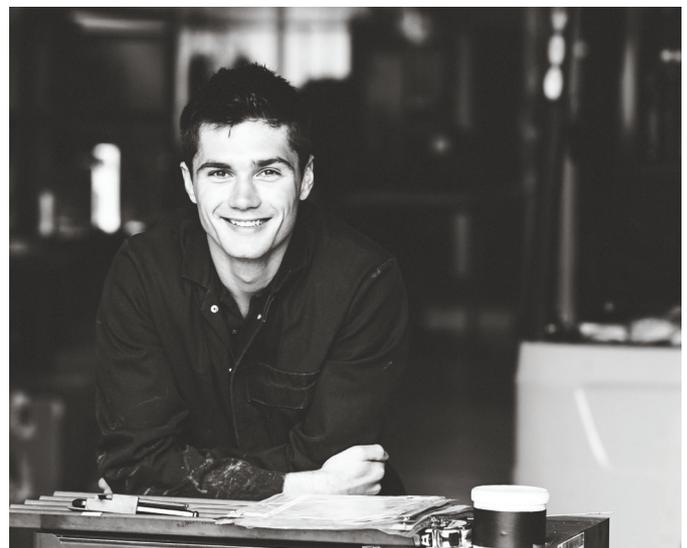
## How do I apply for a Trade Support Loan?

Your AAC will provide you with a Trade Support Loan Application Form if you are potentially eligible. To apply you must lodge a Trade Support Loans Application Form which includes your tax file number.

A successful application will provide for up to six payments (assuming the lifetime limit is not reached). When these payments are made, and if you wish to receive further Trade Support Loan payments, you will need to Opt-in for the next six payments by lodging a Trade Support Loans Opt-in Form.

## How do I stop payments?

**You can opt-out of receiving loan payments at any time.** To do this, you must contact your AAC by phone, email or in writing. Following this, the AAC will provide you with confirmation that you have opted-out.



## How much are the Trade Support Loan Payments?

An eligible apprentice can receive up to \$20,000. The \$20,000 is known as the lifetime limit and is indexed in line with the Consumer Price Index from 1 July 2017 and each later 1 July.

Loan payments are made in monthly instalments. The amounts paid to you are split into yearly rates as follows:

- First year - \$8,000
- Second year - \$6,000
- Third year - \$4,000
- Fourth year - \$2,000

You may also attract up to \$2,000 a year for any additional years of your apprenticeship (past the fourth year) if you have not reached the lifetime limit.

Trade Support Loan payments are paid by direct credit into your nominated bank account that is maintained, either alone or jointly, by you.

## When do my Trade Support Loan payments commence?

Apprentices who apply may be eligible to attract payments that fall due on the next monthly anniversary of the commencement of the apprenticeship that falls due after they have applied.

If you are already undertaking an eligible apprenticeship at the commencement of Trade Support Loans, you may be eligible to claim monthly payments corresponding to the year of your apprenticeship (subject to meeting the eligibility criteria).

## When are Trade Support Loan Repayments made?

You are required to repay the amount of Trade Support Loans that you have borrowed. You will not be charged interest or fees on the loan, however, your Trade Support Loan is indexed each year in line with the Consumer Price Index to maintain its real value. Visit the Australian Taxation Office (ATO) website at [www.ato.gov.au](http://www.ato.gov.au) for further information about Trade Support Loan repayments.

## CASE STUDY

*Emily commenced her apprenticeship on 25 July 2014. She decided to apply for a Trade Support Loan on 3 August 2014. Emily's monthly payment anniversaries are calculated from the date of commencement (that is 25 July 2014).*

*Emily is eligible to claim her first loan payment on the first monthly anniversary of her commencement date which occurs after the date she applied, which is 25 August 2014. The next five monthly payments are made on the 25th of each month until January, where she is required to opt-in for another six months if she chooses to receive more payments.*

Repayments are made through the tax system once your repayment income is above the minimum repayment threshold which is \$53,345 for 2014-15. This is known as a compulsory repayment. Repayment amounts are determined using a percentage of the individual's income.

You can also choose to make payments on a loan prior to reaching the minimum repayment income. This is known as a voluntary repayment and there are no discounts or penalties for making a voluntary repayment. Voluntary repayments are in addition to compulsory repayments. They are not refundable.

If you successfully complete your apprenticeship, you will receive a discount of 20 per cent which is applied to the total amount borrowed.

Once you have been paid a loan, you are required to pay it back regardless of whether you continue with your apprenticeship.

## Further information

For further information on the implications of taking out a loan, please visit the 'Borrowing basics' page at [www.moneysmart.gov.au/borrowing-and-credit/borrowing-basics](http://www.moneysmart.gov.au/borrowing-and-credit/borrowing-basics). When taking out Trade Support Loan, it is important to remember that you are obliged to repay the total amount borrowed plus any indexation that is applied (minus any successful completion discounts) through the tax system.

For further information on eligibility and applying for a Trade Support Loan, contact your Australian Apprenticeships Centre. If you do not know the name of your Australian Apprenticeships Centre, call the Australian Apprenticeships referral line on 13 38 73.

