



Tax Talk- TELS Information and Obligations

The Fijian Government upholds education as being the most effective pathway to growing the Fijian economy, enriching Fijian society, and promoting the social mobility of the Fijian people. The Government is building a knowledge-based society by ensuring that Fiji's young people have equitable access to high quality education, at all levels of the Fijian education system.

Over the past years, Government's consistent and targeted investment in the education of Fijian students has led to the historic achievement of providing universal free primary and secondary school education, so that a record number of Fijian children now have access to education at all levels.

With the increased access to secondary education, there is now an increased number of young people seeking tertiary education.

To ensure that every young individual who wishes to pursue higher education is not prevented from doing so through lack of financial support, the Tertiary Scholarship and Loans Act (TELS) 2014 was introduced.

Since the introduction of the scheme, the total number of students assisted by TELS is as follows:

Year	Total Students
2014	4,286
2015	8,664
2016	11,514
2017	12,956
2018	17,385

The total amount of loans disbursed since 2014 is as follows:

Year	Total Loans Disbursed
2014	\$26.4m
2015	\$45.2m
2016	\$52.6m
2017	\$84.9m
2018	\$93.5m
Total	\$302m

The Interest Rates paid by loan recipients are as follows:

Combined Family Income per annum	Interest Rate
Up to \$25,000	0%
\$25001-\$50,000	½ %
\$50,001-\$100,000	1 %
Above \$100,000	2 %

Students and their families should ignore any false stories they read or hear that the interest rate is 20%. This is untrue, with the highest rate being 2% in cases where the combined family income is above \$100,000.

When do I begin my TELS Loan Repayment?

Firstly, we should be absolutely clear that debt repayment does not start until the student has secured a job, or voluntarily decides to begin repayments, for whatever reason he or she may decide this.

What is my debt repayment rate?

Ordinarily, once the student gets a paid job, then the repayment obligation kicks in. From that point in time, the student should start paying the debt, at the rate of 20% of their annual gross earnings, or wages or salary.

If the student repays by installments, it is not more than one-fifth of his or her gross income. This leaves four-fifths of the income at the student's disposal.

Can I make repayments earlier than scheduled?

Yes, there are Accelerated Repayment Incentives (ARI)

The ARI were introduced in the 2018/2019 National Budget, as an early loan repayment mechanism intended to benefit TELS students. ARI encourages TELS recipients to make early repayment of loans and offers heavy incentives if loans are repaid before the due dates. The earlier the repayment date, the higher will be the percentage discounted on the overall loan amount.

Subsidization on early loan repayments will assist TELS recipients to settle their loans early.

The ARI scheme also intends to make TELS a self-sustaining model, allowing for an influx of repayments to be reinvested in the scheme at a much faster rate.

ARI has been effective from 1st August 2018. This means that all those with TELS loans outstanding as at 1st August 2018 will be eligible to enjoy benefits under this scheme.

Those who accelerate their loan repayments will enjoy the discount on their total loan amount. Depending on how fast they make their repayments, the discount rates of 50 percent, 25 percent or 10 percent on the loan amount can be enjoyed.

The faster the TELS recipient makes his or her loan repayments, the less will be the amount of their overall debt.

Total Debt Level (on Graduation)	Discount applicable at various repayment periods		
	50%	20%	10%
Less than \$20,000	<2 years	2 - 4 years	4 - 6 years
\$20,000 - \$49,999	<3 years	3 – 6 years	6 – 8 years
\$50,000 - \$99,999	< 4 years	4 – 8 years	8 – 10 years
\$100,000 and above	< 5 years	5 - 10 years	10 - 12 years

A discount on loan repayments will mean that the Government will waive a significant portion of the overall loan debt. This is to encourage students to settle their loans early, to help them achieve early financial independence. Also, each TELS recipient's incentive will be equity-based, allowing those with more debt more time to repay their loans at a discounted rate.

Do I pay a penalty on the termination of TELS?

Yes, there is a 10% penalty for the termination of the student's TELs loan.

What are the reasons for terminating TELS?

In general, there are only two reasons for the TELs to be terminated. These are, firstly, if the student has been involved in any wrongdoing or has poor academic results and secondly, if the student chooses to terminate for some other personal reason, such as migration.

In both circumstances, there is a 10% penalty. The principal behind having this penalty is aimed at creating a deterrent effect, that discourages students from failing courses and so that they not do tie up scheme funding.

Migration

The underlying reason for the TELS system is develop Fiji's human capital. It is only reasonable that the migrating student clears his or her TELS debt so that another potential student can benefit from the funding.

Poor academic results

As well as wrongdoing, a student's TELs may be terminated if he or she is terminated by the University, for poor academic performance. Academic results are considered to be under the student's, so this also becomes the student's choice to terminate TELS due to poor performance.

Departure Prohibition Orders

This is not per say restricting the freedom of movement but rather a debt security measure. So all students' names are put on immigration alert. If they need to travel for business, or holiday, we do facilitate the same as long as guarantors or sureties are in place that the student will return to continue their education, or work etc. and repay the loan in due course.

We have had cases, where students have educated themselves on TELS program and upon graduation find a job overseas, some have paid off their loans completely and gone. We also have some students – who are honest and grateful for the education opportunity provided by TELS – are working overseas and religiously repaying their TELS loans every month.

A few may abscond, but it will not be long that they will visit Fiji one time or another and our immigration alert system will advise them on arrival that they have an outstanding debt to Fiji Government that they need to sort out.

Conclusion

All student should appreciate the opportunity for education provided by TELS and should familiarize themselves with correct information on TELS. The interest rate is not 20%, but 0%, 0.5%, 1% or maximum 2%. Students don't start paying until they have a paid job. Loan repayment is not more than one fifth of the income they earn.

All student MUST use TIN number as reference for any enquiries with FRCS about their account status – loan balance etc. When making repayments through direct bank deposits, students MUST put in the TIN number in the narration otherwise the payment will not be allocated to your account and will simply remain in unallocated funds account. Pay early to enjoy discounts offered on accelerated repayment – so effectively you pay lesser. Be responsible and repay your loan. Just as you were assisted for education, your repayment will make funds available for some else.

ENDS