

2025 FEDERAL BUDGET UPDATE

HELP/HECS Debts

Treasurer Jim Chalmers announced that the Federal Government will automatically apply a one-off 20% reduction to an individual's HELP accounts, before indexation is applied on 1 June 2025. As a result, indexation will only apply to the remaining balance after the 20% reduction. This will reduce overall student loans by \$16 billion for 3 million Australians. The changes follow moves to make student loan indexation fairer and reduce the indexation applied previously. However, these changes, will require legislation before coming into effect.

Anyone with the following student loans will benefit from this reduction:

- HELP loans (including HECS-HELP, FEE-HELP, STARTUP-HELP, SA-HELP, OS-HELP)
- VET Student Loans
- Australian Apprenticeship Support Loans
- Student Start-up Loans
- Student Financial Supplement Scheme

\$20,000 Instant Asset Write off

Also announced was that the \$20,000 instant asset write-off scheme will not be extended beyond June 30, 2025.



The scheme, which temporarily raised the deduction limit from \$1,000 to \$20,000, had allowed businesses with an annual turnover of up to \$10 million to immediately deduct the full cost of eligible assets under \$20,000.

However, without new legislation, the threshold will revert to \$1,000 on July 1, 2025, with standard depreciation rules applying to assets above that amount.

The government had previously proposed extending the \$20,000 write-off for small businesses with annual turnovers under \$10 million, but due to a dispute in Parliament, the legislation has not yet passed.