

Anonymous submission

Removal of HCA and it's effects.

The removal of the HCA to fund Higher Education in principal seems a good idea. However there are and could be future effects on revenue and the Education budget depending on if parents claim the allowance or not.

For this academic year 2018/19 the grant paid has been reduced if the allowance was claimed in the previous year 2017. This has had different effects depending on if you claim and are a marginal or standard rate taxpayer, or no reduction at all if you are an independent student. This appears very discriminatory in that a standard rate taxpayer has to fund a difference of £1200 and say a low paid family has to fund a difference of £2340. An independent student has no difference to fund as they can't claim an allowance.

Never the less the principal of removing an allowance given for a tax year that is different to the one you are currently in and applying it retrospectively is wrong. This allowance being claimed is from 2017 not 2018.

For those who received no grant last 2015/16, 2016/17, 2017/18 the allowance was the only help they received and due to the allowance not being claimable for the year a student starts until the following year and the effects not seen in ITIS rate until the form has been submitted, and an assessment made means it is quite a long period before parents see that allowance.

One reason given to removing the allowance and shifting it to the grant was it meant parents did not have to wait a whole year to receive the benefit.

This is because you receive the allowance a year after the student starts and it carries on a year after they have completed study.

Students who started their first year this September will not have their grant reduced, they will see the full amount.

Next year if their parents claim the allowance for 2018 they will see a reduced grant. However if the choose to not claim their allowance then the Education department will pay the full grant. This will effect the Education budget by increasing it , and the Tax revenue by increasing that.

The following year of course the allowance will not be there to be claimed if this proposal is adopted, and students will receive the full grant that they are entitled to.

I know some parents who have asked that their allowance claimed be taken off this year in order they can have the full grant from the Education department. Of course their ITIS rate will increase.

The parents of final year students this year did not have this option for this year. It had meant considerable hardship because there had been an expectation of the new grant to be paid, but they found in August when the order was signed and award letters received that £2340 was to be deducted from the grant meaning they had to find these extra funds at short notice (a month or two at best).

It has not been made clear to parents this would happen in this way. They have also been the parents that have not received the improved grant for two years of a three year course,

and will by the end be the ones who receive the less overall benefit. Instead of receiving fees of £9250 they will receive half of this, as the lose two years of tax allowance 2017 and by this proposal not be available in 2019. It is not what was expected.

Had the grant not been adjusted by the 2017 allowance for this academic year Sept. 2018/19 that would seem fair and how it should have happened.

The scheme started this September 2018 therefore any adjustments to grants by the allowance claimed should be in the 2018 one not 2017.

It does not seem to me to be very equitable at all, it is only since people have queried grant awards that the situation became apparent. Reading the new Education grant orders does not make it clear at all, and for the majority of people who are not lawyers it is incomprehensible.

Extract below.

Sadly the information on the student finance webpages are often out of date, incorrect, or conflict with the regulations in force. Despite frequent requests over a few years for this to be corrected ,and in particular since the new scheme has been in place this has not happened yet. Though this is not always in relation to tax. This has not helped parents or students to understand, and or make good financial plans.

19 Reduction of grant to take account of child allowance

(1) In this Article –

- (a) “Article 95(1)(b) or (2)” means Article 95(1)(b) or (2) (children) of the 1961 Law;
 - (b) “entitlement” means, subject to paragraph (2), a person’s entitlement in a relevant year in respect of a relevant student to an exemption threshold increase and deduction under Article 95(1)(b) or (2), including entitlement under any other provision in the 1961 Law which arises by virtue of an entitlement under Article 95(1)(b) or (2);
 - (c) “relevant student” means a dependent student for an academic year in respect of which an application for a grant is made;
 - (d) “relevant year” means the calendar year for which the relevant income in respect of the relevant student is calculated under this Order;
 - (e) “person A” means a person who, for all or part of a relevant year, has an entitlement.
- (2) For the purposes of paragraph (1)(b) a person’s entitlement does not include –
- (a) entitlement which the person has relinquished under Article 95(2) of the 1961 Law;
 - (b) any portion of that entitlement to which another person is entitled following apportionment under Article 95 of the 1961 Law; or
 - (c) entitlement which arises under Article 98A of the 1961 Law (additional allowance in respect of children).

(3) Paragraph (4) applies if –

- (a) person A is a relevant person who is married to or in a civil partnership with the student’s parent and the student’s relevant income is calculated under Article 4 or 5;
- (b) person A is a relevant person who –
 - (i) is not married or in a civil partnership with the student’s parent,
 - (ii) lives in the student’s main residence in Jersey, and the student’s relevant income is calculated under Article 5;
- (c) person A is a parent of the student and the student’s relevant income is calculated under Article 4;

- (d) person A is a parent of the student who lives with the student in the student's main residence in Jersey and the student's relevant income is calculated under Article 5.
- (4) Subject to paragraph (7), the applicable tuition fees grant payable to a dependent student is reduced by $A - B$ where –
- (a) A is the amount of person A's tax liability for a relevant year calculated without taking into account the amount of person A's entitlement;
- (b) B is the amount of person A's tax liability for a relevant year calculated taking into account the amount of person A's entitlement.
- (5) If more than one person meets a description of person A in respect of a student, the applicable tuition fees grant payable to the student is reduced by each amount calculated under paragraph (4) in respect of each person A.
- (6) Subject to paragraph (7), where the applicable tuition fees grant is reduced under paragraph (4), the applicable total amount is reduced accordingly.
- (7) Where the amount of $A - B$ under paragraph (4) is greater than the applicable tuition fees grant, the applicable tuition fees grant is £0.