



Subsidy Payment Approval Fact Sheet

The information contained within this fact sheet is particularly relevant to ADF personnel who have recently started to receive subsidy payments.

Further information is available on the [DHOAS website](#), or you may contact our customer service team on 1300 434 627 or by emailing dhoas@dva.gov.au.

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1. Your subsidy payments

Subsidy payments remain payable from the first authorisation date until you either exhaust your service credit or a [subsidy ceasing event](#) occurs. Subsidy will be paid into your home loan account on the first business day of every month. Please refer to [Your Obligations When Accessing DHOAS](#) for further information on the key scheme conditions to ensure that you understand how to maintain your subsidy payments.

Your subsidy payments will be based on the lesser of your loan amount or the subsidised loan limits that are used from your first authorisation date. For example, if your first subsidy payment is authorised on 15 February 2026, the subsidised loan limits for the 2024-2025 financial year will be used to assess your entitlement.

The value of your monthly subsidy payments is subject to the DHOAS median standard variable interest rate, and for this reason, you may see a variation in the amount of subsidy paid. If interest rates increase you will receive an increase in subsidy payments. If interest rates decrease there will be a decrease in subsidy payments.

2. Service credit

You were advised at the time your certificate was issued, of how many service credits you have available. The maximum amount of DHOAS service credits that can be accrued is 20 years of subsidy payments, or 25 years if you have completed over 9 months of warlike service.

For Permanent ADF personnel, service credit is accrued monthly. For Reserve ADF personnel, 12 months of service credit is accrued for each financial year you complete 20 paid days of Reserve service.

3. Keeping enough service credit for ongoing subsidy payments

It is important to ensure that you retain enough service credit to support ongoing monthly subsidy payments. This includes ADF personnel who reduce their service credit to receive the DHOAS subsidy lump sum payment.

If you exhaust your service credits your subsidy payments will cease. Once you have accrued further service credits, you will need to reapply for DHOAS in order to restart your subsidy payments. To avoid a disruption to your subsidy payments, it is advised that Permanent ADF personnel retain a minimum of two months service credit to cover any administrative processes.

Reservists are advised to retain up to 12 service credits prior to receiving subsidy payments. This is dependent on how many months of service credit you need to support ongoing monthly subsidy payments before you complete effective service within the financial year. For further information please see the [DHOAS Reserve Service Fact Sheet](#).

4. Tier levels and subsidised loan limits

After going into payment, it is possible to progress through tier levels whilst you continue to complete effective service.

	Tier 1	Tier 2	Tier 3
Permanent	2 years	4 years	8 years
Reservist	4 years	8 years	12 years

The subsidised loan limit and monthly subsidy value increases with each tier. Current subsidy tiers can be found on the [DHOAS website](#).

For Permanent ADF personnel, tier 1 is reached after 2 consecutive years of effective service, tier 2 after 4 years of effective service, and, tier 3 after 8 years of effective service. For Reserve ADF personnel, tier 1 is reached after 4 consecutive years of effective service, tier 2 after 8 years of effective service, and, tier 3 after 12 years of effective service.

For any ADF personnel with recognised foreign military service, once they have qualified for DHOAS, they will be eligible for tier 1. Higher tiers can be reached after meeting the service milestones in the table above.

Progressing through the tier levels can (dependant on the value of your home loan) enable subsidy payable on 40%, 60% or 80% of the average housing price.

5. How is subsidy calculated?

Subsidy is calculated at 37.5% of the interest payable over the life of a 25-year loan based on the DHOAS median interest rate. To obtain an estimate of your monthly subsidy payments, there is a

[subsidy amount calculator](#) available on our website. The formula for calculating the amount of subsidy is contained with the *Defence Home Ownership Assistance Scheme Act 2008*.

6. What are the benefits of continuing to provide effective ADF service?

Continued effective service, either permanent or reserve, ensures your ability to access subsidy certificates, maintain an existing certificate or progress through the tier levels.

If you are considering transferring between service types, you must complete a minimum of 20 days paid service in your transfer year to be deemed effective for the purposes of DHOAS.

7. What if I discharge from the ADF, transfer to Inactive Reserves or take leave without pay?

You are able to apply for one final subsidy certificate after discharging or transferring to Inactive Reserves.

Your eligible tier level may change as a result of your discharge.

- If you discharge or transfer to inactive reserves having served less than 20 years, your tier level is reduced to tier 1.
- If you have served greater than 20 years, your tier level is set at tier 3 for the remainder of your service credit. Please note that your eligible tier level will not always reflect the amount of subsidy payable.

Unpaid maternity leave and leave without pay do not affect your tier level or ongoing subsidy payments, but it will mean that you do not accrue service credit.

8. Rejoining the ADF and/or restarting effective ADF service?

A break in service may have an impact on your eligibility for DHOAS subsidy and result in rejoining provisions being applied.

- Breaks in service of five consecutive years or *less* will not impact entitlement as long as you continue to have a service credit.
- Breaks in service of *more* than five consecutive years will result in the loss of all previously accrued entitlements including qualifying period, tier level and service credit (excludes WLS).

9. Land and construction loans

It is possible to receive subsidy payments if you have taken out a loan to purchase land and/or construct a home. Construction of the home must be finalised within two years of the first authorisation date. If construction is not completed within the two year limit, your payments will cease.

Once construction is complete, and the property is deemed occupiable, you and or your dependant/s must occupy the property for 12 months. For further information, please see the [DHOAS Land and Construction Loans Fact Sheet](#) or contact our customer service team.

10. My partner and I are both in receipt of subsidy payments

Eligible ADF personnel can both receive subsidy payments on the same DHOAS home loan. The lesser of the loan balance or combined subsidised loan limits are used to calculate the combined amount of subsidy payable.

11. Fringe Benefits Tax

Fringe Benefits Tax may apply. Please contact the Defence Tax Management Office on 1800 806 053 for further information on how this relates to your personal circumstances. Further information is also available on [our website](#).

12. Privacy and your personal information

Your privacy is important to us. We are bound by the Privacy Act 1988 (the Privacy Act) and the Australian Privacy Principles (APPs). The APPs regulate the handling of personal information by Australian government agencies and businesses under the Privacy Act. You can obtain more information about the way in which the Department of Veterans' Affairs will manage your personal information on the [DVA website](#).

13. Data matching

Information you provide to us may be used for data matching with other government agencies to detect and prevent incorrect subsidy payments and fraud.

14. Appeals and requesting a review of your decision

The *Defence Home Ownership Assistance Scheme Act 2008* (the Act) and *Defence Home Ownership Assistance Scheme Regulations 2018* can be found at <https://www.legislation.gov.au/>.

Section 71 of the Act describes the decisions which are appealable. The decisions and the provision under which the decision is made are:

- To refuse to consider an application for a subsidy certificate (Subsection 15(2))
- To refuse to give a subsidy certificate (Subsection 16(3))
- To vary a subsidy certificate (Subsection 24(1))
- To cancel a subsidy certificate (Section 25)
- To refuse to authorise the payment of subsidy (Subsection 27(2))
- To refuse to authorise the continued payment of monthly subsidy (Subsection 27(4))
- To refuse to make a declaration that an event mentioned in item 1 of the table in subsection 36(1) is taken not to have occurred (Subsection 36(2))
- In a notice under section 43, to state a day for subsidy to stop being payable to a person that is later than the day requested by the person (Subsection 43(3))
- To revoke an authorisation of the payment of subsidy (Subsection 44(2))
- To vary an authorisation of the payment of subsidy (when this Act applies as if a subsidised borrower has not been a member of the Reserves) (Subsection 45(2))
- To determine the end of a period of warlike service (Subsection 48(3))
- To recover a due amount in the way provided by section 68 (Subsection 68(1))
- To refuse to extend the time for making an application for review of a decision (Subsection 74(3))

A decision under the regulations that is declared by the regulations to be a reviewable decision for the purposes of this section (Section 17 and Paragraph 19(3)(b))

Please Note: All decisions relating to the administration of the Defence Home Ownership Assistance Scheme are made pursuant to the *Defence Home Ownership Assistance Scheme Act 2008* (the Act). Whilst due care has been taken in the preparation of this advice, in the event of any inconsistencies between the information provided herein and the Act, the Act will take precedence.