



Lump Sum Subsidy Payment Fact Sheet

The details contained within this fact sheet is particularly relevant to ADF personnel who are seeking lump sum subsidy payment information. If the information contained within this fact sheet does not answer your query, you are encouraged to visit the DHOAS website or contact the customer service team.

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1. What is the lump sum?

Eligible ADF personnel are able to exchange a percentage of the 'service credit' that they have accrued whilst serving in the ADF into a lump sum subsidy payment. You can convert a maximum of 48 months of your service credit into a lump sum.

For the purpose of calculating the lump sum, the tier 1 subsidy amount is used (even if you are entitled under a higher subsidy tier). The value of your lump sum subsidy payment is also subject to the median standard variable interest rate in the month in which your subsidy is authorised. The lump sum is paid into your home loan account along with your first monthly subsidy payment.

2. How do I apply for the lump sum?

You apply for the lump sum at the same time you apply for your DHOAS subsidy certificate, using the online application for subsidy certificate form. If you are deemed ineligible for the lump sum, you will be notified in writing at the same time your application is finalised. If you are deemed eligible for the lump sum, your eligibility will be reassessed prior to you receiving your first monthly subsidy payment.

You can also apply for the lump sum any time up until you meet the scheme conditions. For example, this includes any time up until occupancy of the property has commenced or owning an occupiable home after construction has been completed.

3. Who is eligible to access the lump sum

ADF personnel who have never previously purchased an 'occupiable home' whilst enlisted with the ADF; and who intend to continue serving in the ADF for a minimum of 12 months after the lump sum is paid. These conditions do not apply if you are a surviving partner.

4. Who is ineligible to access the lump sum

You will be ineligible if you have previously received subsidy assistance under DHOAS, the Defence HomeOwner Scheme and/or Defence Service Homes Loans. ADF personnel who have previously purchased an 'occupiable home' whilst enlisted with the ADF, and ADF personnel who have or are intending to separate from the ADF or transfer to standby reserves are also ineligible. You would also be ineligible if you will not own greater than a 50% interest in the subsidised property that the lump sum subsidy payment will be paid on.

5. Your ongoing monthly subsidy payments and the lump sum

After payment of your lump sum has occurred, you will continue to receive your monthly subsidy payments, paid into your DHOAS home loan until a subsidy ceasing event occurs.

If you are entitled to a higher tier level, you are advised to consider whether it is best for you to exchange a percentage of your service credit on receiving the lump sum at the tier 1 level or exchanging your service credit for monthly subsidy payments into your DHOAS home loan, which may be at a higher tier level.

6. Retaining sufficient service credit after the lump sum

After receiving the lump sum, you need to ensure that you retain enough service credit to support ongoing monthly subsidy payments. If you exhaust your service credit, your subsidy payments will cease and you will be required to reapply for DHOAS once you have accrued additional service credit. To avoid a potential disruption to your monthly subsidy payments, it is advisable to retain at least 2 service credits to cover any administrative processes.

If you have less than 12 months of service credit remaining after you receive the lump sum and you subsequently transfer from permanent service to the reserves, or you take any periods of leave without pay or non-effective service which exhausts your service credit, your monthly subsidy payments would cease. Reserve ADF personnel are also advised to consider retaining up to 12 service credits, depending on how many months of service credit you need to support subsidy payments before you complete effective service within a financial year.

7. Land and construction loans and the lump sum

The lump sum is payable if the purpose of the loan is to purchase land and/or construct a home. The lump sum can be accessed along with your first subsidy payment or you can delay this until the earlier of, the completion of the occupiable home or 2 years after the first subsidy payment is authorised. For further information, please see the land and construction loan fact sheet available on our website.

8. Can my partner and I both use subsidy certificates to access the lump sum?

Eligible ADF personnel can use 2 subsidy certificates to settle on a DHOAS loan and both are able to receive a lump sum subsidy payment on the same loan if they have accrued enough service credit.

9. Fringe Benefits Tax

Fringe Benefits Tax may be applicable to your particular circumstances. Please contact Defence Tax for further information.

10. Privacy and your personal information

Your personal information is protected by law, including the Privacy Act 1988 and the Australian Privacy Principles, and is collected by the Australian Government Department of Veterans' Affairs for the assessment and administration of the Defence Home Ownership Assistance Scheme.

This information is required to process your application, subsidy payments and any change in circumstances that are notified through sources including the applicant, the Department of Defence and your home loan provider. Your information may be used by the Department or given to other parties for the purposes of research, investigation or where you have agreed or it is required or authorised by law.

You can obtain more information about the way in which the Department of Veterans' Affairs will manage your personal information, including our privacy policy at <http://www.dva.gov.au/search/site/privacy>.

11. 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.

12. 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 Defence Home Ownership Assistance Scheme 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))
- 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))

13. Further information required?

Should you have any further queries regarding DHOAS, or would like to confirm how the scheme conditions apply to your particular circumstances, please visit our website and/or contact the DHOAS customer service team using the contact details embedded in the footer of the first page.

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.