



Subsidy Lump Sum Payment Fact Sheet

The details contained within this fact sheet are particularly relevant to ADF personnel who are seeking subsidy lump sum 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 subsidy lump sum payment?

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

For the purpose of calculating the lump sum, the tier 1 monthly subsidy amount is used (even if you are entitled under a higher subsidy tier). The value of your subsidy lump sum payment is also subject to the median 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. As the lump sum is not paid until after the loan has been established, this means it cannot be used for the upfront deposit to purchase your home. The payment of the lump sum is not synchronised with the timing of your first mortgage repayment either.

2. How do I apply for the subsidy lump sum payment?

You apply for the lump sum at the same time you apply for your DHOAS subsidy certificate, using the application [form](#). If you are deemed eligible for the lump sum, your eligibility will be reassessed and confirmed prior to you receiving your first monthly subsidy payment. If you are deemed ineligible for the lump sum, you will be notified in writing when your application is processed.

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 subsidy lump sum payment

ADF personnel applying for DHOAS who wish to receive the subsidy lump sum payment must be able to agree with both of the following statements to be eligible to access the lump sum.

- Whilst you have been a member of the ADF, neither you, nor you and your partner together, have bought a 50% or greater interest in land in Australia where a house was occupied or could have occupied as a home by any party.
- You can confirm that you expect you will continue effective service in the ADF for the purposes of DHOAS for a period of at least 12 months after payment of subsidy is authorised. This statement does not apply if you are a surviving partner.

If you can agree to one statement but not the other, you will not be eligible for the lump sum payment.

4. What makes me *ineligible* for the subsidy lump sum payment?

ADF personnel who cannot agree to both statements in the previous section, will be ineligible to access the lump sum.

It is important to note that you do not forfeit any accrued service credit entitlement by being ineligible for the lump sum payment. You can still access your entitlement payable as monthly subsidy, if eligible.

Below are some common examples that can deem someone ineligible for the lump sum:

- You are refinancing an existing home loan to access DHOAS subsidy.
- You have previously purchased an investment property whilst being a member of the ADF, even if you, or you and your family, have never occupied that property.
- You are a member of the Reserves, but you do not intend to complete effective Reserve service for at least 12 months after subsidy is authorised.
- If you have previously received subsidy assistance under DHOAS, the Defence HomeOwner Scheme and/or Defence Service Homes Loans.

5. Your ongoing monthly subsidy payments and the subsidy lump sum payment

After payment of your lump sum has occurred, you will continue to receive your monthly subsidy payments using the remaining balance of your service credit entitlement that was not converted into your lump sum payment. The monthly subsidy is 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 convert a portion of your service credit on receiving the lump sum at the tier 1 level or receiving it as monthly subsidy payments into your DHOAS home loan, which may be at a higher tier level.

6. Retaining sufficient service credit after the subsidy lump sum payment

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 further service credit.

To avoid a potential disruption to your monthly subsidy payments:

- Permanent members must retain at least 2 months of service credit 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.

- Reservists are also advised to consider retaining 12 months or more of service credit, 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 subsidy lump sum payment

The lump sum can be paid on any drawdown on your construction loan, including your final drawdown. However, you need to ensure that the subsidy certificate on which the lump sum is being requested is issued prior to the property becoming occupiable. 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 subsidy lump sum payment?

Eligible ADF personnel can use 2 subsidy certificates to settle on a DHOAS loan and both receive a lump sum subsidy payment on the same loan if they both satisfy the eligibility criteria.

9. Fringe Benefits Tax

Fringe Benefits Tax may be applicable to your particular circumstances. Please contact the Defence Tax Management Office on 1800 806 053 or taxation.management@defence.gov.au for further information.

10. Privacy and your personal information

Your privacy is important to us. We are bound by the *Privacy Act 1988* (the 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](#).

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 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. More information

You can learn more about DHOAS by visiting our [website](#) or by contacting our customer service team on 1300 434 627.

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.