



## Subsidy Lump Sum Payment Fact Sheet

The details contained within this fact sheet is 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 lump sum?

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 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 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 application [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 payment is first authorised. The second condition does 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, before the subsidy certificate of which the lump sum subsidy is requested was issued, and ADF personnel who have or are intending to separate from the ADF (including medical separations) or transfer to standby reserves are also ineligible.

You do not forfeit any accrued service credit entitlement by being ineligible for the lump sum payment. You can still access your entitlement as monthly subsidy payments, if eligible.

### 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 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 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 further service credit. To avoid a potential disruption to your monthly subsidy payments, it is advisable to 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. Reserve ADF personnel 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 lump sum

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 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 the Defence Tax Management Office on 1800 806 053 or [taxation.management@defence.gov.au](mailto: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.