

Call to reintroduce 'special discounts' to encourage PTPTN loan repayment

KOTA KINABALU: The Federation of Chinese Associations Malaysia (Huazong) has proposed for the government to reintroduce the special discount for one-off full settlement of the National Higher Education Fund Corporation (PTPTN) loan.

Its President, Tan Sri T.C. Goh reckoned that such a move would encourage its borrowers, especially those who are financially stable, to come forward to make full settlement of the loan; this would thus benefit those students who are in need of financing to pursue higher education.

He said while Huazong welcomed and supported the Ministry of Higher Education's announcement of further extension of loan moratorium for PTPTN borrowers to 31 March, it also hoped that the ministry could better encourage borrowers who are financially stable to come forward to make full settlement of the study loan.

He recalled that, in 2018, the previous government in the previous budget extended discounts of 20% on the outstanding debt for a full settlement; 10% for repayment of at least 50% on the outstanding debt made in a single payment; and 10% for repayment through salary deductions or scheduled direct debit.

These discounts were available until Dec 31, 2018.

In a statement issued yesterday,

Goh observed that during this trying times in a pandemic, not all borrowers have lost their jobs or incomes thus becoming unable to make loan repayments.

He thus opined that the government should reintroduce the previous discount scheme to encourage those borrowers who are currently gainfully employed and financially stable, to come forward to settle their loan. This is so that the PTPTN could better recover its loans and have sufficient funds to assist other needy students.

Goh, who is also the President of the Federation of Sabah Chinese Associations Sabah (FCAS) further noted that since 2007, the government has through the National Education Savings Scheme (SSPN) SSPN-i or SSPN-i Plus provided tax relief to encourage parents to save for their children's education and reduce reliance on PTPTN loans.

Parents who save in SSPN-i Plus will receive tax relief of up to RM11,000, which is broken down to up to RM8,000 for net savings in the account and up to RM3,000 for takaful contributions. For depositors who choose the pension scheme, they will enjoy tax relief of up to RM15,000, where up to RM8,000 is for net savings in the account and up to RM7,000 for takaful contributions.

Such a scheme was well received by parents and has produced encouraging results over the years.