

Financing adult learning database

Name of the instrument - Local language	Opintolainahyvitys / Opintolainavähennys
Name of the instrument - English translation	Student loan compensation / Student loan tax deduction
Scheme ID	221
Country	 Finland
Reporting year	2020
Type of instrument	Tax incentive for individuals
Sub-type of instrument	Tax support for families and their costs for education
Type of entry	Single instrument

Short description	If an individual taxpayer completes a higher education degree within the targeted time, a portion of the student loan will be compensated, either as a student loan compensation or as a student loan tax deduction, depending on when the education was started. The goal of the scheme is to encourage students to graduate within the target time. The student loan compensation is 40% of the qualifying debt exceeding EUR 2 500. The student loan tax deduction is 30% of the qualifying debt exceeding EUR 2 500.
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Level of operation	National
Name of a part of the country	Not applicable
Name of the region (for regional instruments)	Not applicable
Name of the sector (for sectoral instruments)	Not applicable
Relevance	Further instrument
Legal basis	Opintotukilaki ('Act on Student Financial Aid')
Objective(s) and target(s)	To encourage students to graduate within target time

Year of implementation	2005
Operation/management	The Social Insurance Institution of Finland (KELA) manages the student financial aid system, hence also the study loan compensation / tax deduction. Higher education graduates who finish their degree studies within target time, and who took up a study loan along the way, are eligible for loan compensation or tax deduction. The study loan compensation is a repayment made by KELA. It only applies to students in higher education who have started their first higher education studies on 1 August 2014 or later. If the first higher education studies was started before 1 August 2014, the graduate is entitled to a study loan tax deduction. When the higher education degree is completed within the target time and repayments are made on the study loan, the personal income tax is reduced by an amount equalling the amount of the student loan tax deduction. As a rule, it is granted without application, but there are some exceptions to this.
Eligible group(s)	Higher education graduates who completed their degree within target time.
Group(s) with preferential treatment	No preferential treatment
Education and training eligible	Higher education
Source of financing and collection mechanism	State (loss of tax revenue)
Financing formula and allocation mechanisms	The student loan compensation is 40% of the qualifying debt exceeding EUR 2 500. The student loan tax deduction is 30% of the qualifying debt exceeding EUR 2 500.
Volumes of funding	Not available
Beneficiaries/take up	Not available
Organisation responsible for monitoring/evaluation	The Social Insurance Institution of Finland (KELA)
Monitoring/evaluation reports available	Not available
Most relevant webpage - in English	http://www.kela.fi/web/en/student-loan-tax-deduction
Most relevant webpage - local language	http://www.kela.fi/opintolainavahennys http://www.kela.fi/opintolainahyvitys
Recent changes	No recent amendment Recent changes in response to COVID-19 No changes

Sources

<http://www.kela.fi/opintolainavahennys>

<http://www.kela.fi/opintolainahyvitys>

<http://www.finlex.fi/sv/laki/ajantasa/1994/19940065>