

Govt orders employers to remit students' loan or face jail

KAMPALA

By Francis Emorut

The Government has directed employers to remit money owed by their employees to the students loan scheme.

Failure to do so, the employers will face punitive measures.

The directive was given by the state minister for a higher education, Dr John Chrysostom Muyingo, in response to the executive director of the Higher Education Students' Financing Board, Micheal Wanyama's remarks that employers must comply with the law or face punishment.

"This dual responsibility rests on all employers at all levels to ensure that money is remitted to the board in installments until the entire loan is fully repaid. In accordance with the law, the students' loan recovery takes priority over all other deductions, except NSSF and Pay As You Earn (PAYE)," Muyingo said in a speech read by the assistant commissioner higher education, Muzamil

Wanyama (right) and Bbosa Kizito, the loans and scholarship manager, addressing participants during the sensitisation workshop on students loan recovery at Golf Course Hotel in Kampala. Photo by Francis Emorut



Mukwatampola.

Muyingo appealed to employers to support the Government's efforts in loan recovery as spelt out at the Higher Education Students' Financing Act.

He said since the students' loan scheme started in the financial year 2014/2015, over 8,190 students have benefited

from the scheme.

The minister's representative informed guests that out of 8,190 beneficiaries, 1,700 students have completed their studies.

"I call on all employers to comply with the provisions of the law that require them to promptly inform the board on employment of

the loan beneficiary. Loan recovery takes priority over all deductions, save for PAYE and NSSF deductions," Wanyama told the guests.

"We shall take action against those loanees and employers who do not comply," he warned. The Higher Education Students Finance Act 2014 regarding legal liability of

BETWEEN THE LINES

■ The Higher Education Students Finance Act 2014 on legal liability of parties states that an employer who knowingly does not deduct, remit or notify Higher Education Students' Financing Board concerning a student loan beneficiary commits an offence and is liable on conviction.

parties states that an employer who knowingly does not deduct, remit or notify the Higher Education Students' Financing Board concerning a student loan beneficiary commits an offence and is liable, on conviction, to a fine not exceeding 240 currency points (sh4.8m) or imprisonment not exceeding 10 years or both.

The law urges the employer to notify the board of employment of a loan beneficiary within 14 days, including the position and

salary, deduct an amount not exceeding 30% of the salary of loan beneficiary for purposes of repaying the student loan and remit the deducted funds to the board.

Wanyama informed guests that their agency had partnered with the Federation of Uganda Employers (FUE) to ensure effective loan recovery.

However, participants asked the loans agency not pass the task of loan recovery to them or companies since they were not party to the students' loan agreement.

They also tasked the agency with explaining what happens to students who obtained loans and were either dismissed or suspended from the universities.

"A loan is a loan, you have to repay it," Wanyama stated.

He also defended the agency's move of directing employers to remit loan money, saying they were not the ones who passed the law but Parliament which law was assented to by President Yoweri Museveni.