

Important Notes for Early Repayment of Personal Tax Loan

Customer should consider the early repayment fee involved before apply fully settlement. Where customer has been making repayments as scheduled for some time, the amount of unpaid interest is likely to be small. Although the amount of unpaid interest saved, it may not enough to cover the early repayment fee that involved, the loss may outweigh the gain. Please compare and consider carefully before making a decision of repaying early or not. For details, please refer to below example:

Assume loan amount is HK\$60,000 for a tenor of 12 months & interest rate 0.21% per month flat. The total interest expenses and monthly instalment are calculated as below:

Total Interest Expenses	Monthly Instalment Amount
Loan principal X Monthly flat rate X Tenor (months) = HK\$60,000 x 0.21% x 12months = HK\$1,512	(Loan principal + Total interest expenses) / Tenor (months) = (HK\$60,000 + HK\$1,512) / 12months = HK\$5,126

The calculation method for early repayment:

Assume customer repays monthly instalment HK\$5,126 with no late payment and requests early repayment on the below specified instalment term. (HKD)

Instalment Term	Outstanding Balance	Principal	Interest		Early Repayment Fee ¹	Total Early Repayment Amount ²	Do I save interest expenses by making early repayment of PL?	
			Current Interest	Outstanding Interest			(The amount of unpaid interest– early repayment fee)	
1	60,000.00	4,893.38	232.62	1,512.00	900.00	61,132.62	The amount of unpaid interest saved because early repayment fee is less than the unpaid interest.	612.00
2	55,106.62	4,912.77	213.23	1,279.38	826.60	56,146.45		452.78
3	50,193.85	4,932.15	193.85	1,066.15	752.91	51,140.61		313.24
4	45,261.70	4,951.54	174.46	872.30	678.93	46,115.09		193.37
5	40,310.16	4,970.92	155.08	697.84	604.65	41,069.89		93.19
6	35,339.24	4,990.31	135.69	542.76	530.09	36,005.02		12.67
7	30,348.93	5,009.69	116.31	407.07	455.23	30,920.47	Customer will loss even the amount of unpaid interest saved, because it is not enough to cover the early repayment fee.	-48.16
8	25,339.24	5,029.08	96.92	290.76	380.09	25,816.25		-89.33
9	20,310.16	5,048.46	77.54	193.84	304.65	20,692.35		-110.81
10	15,261.70	5,067.85	58.15	116.30	228.93	15,548.78		-112.63
11	10,193.85	5,087.23	38.77	58.15	152.91	10,385.53		-94.76
12	5,106.62	5,106.62	19.38	19.38	76.60	5,202.60		-57.22
Total		60,000.00	1,512.00					

Remarks:

- 1. Early Repayment Fee = 1.5% of the outstanding principal amount of the loan
- 2. Total Early Repayment Amount = The outstanding principal amount of the loan , interest accrued up to next due date and early repayment fee
- 3. The example above is for reference only and all amounts are rounded to 2 decimal places.

Reminders:To borrow or not to borrow ? Borrow only if you can repay!

