



# Student Loan Scheme Amendment Act 2012

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Commencement see section 2

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**The Parliament of New Zealand enacts as follows:**

**1 Title**

This Act is the Student Loan Scheme Amendment Act 2012.

**2 Commencement**

- (1) Sections 7 and 59(2) come into force on 1 January 2013.
- (2) Section 55 is deemed to have come into force on 1 January 2012.
- (3) Section 57 comes into force on 1 April 2013 except that if a clause in Schedule 7 is, under section 2(5) of the principal Act, brought into force on a later date, any provision in section 57 that relates to that clause comes into force on that later date.
- (4) The rest of the Act is deemed to have come into force on 1 April 2012.

**Part 1**  
**Amendments to principal Act**

**3 Principal Act amended**

This Act amends the Student Loan Scheme Act 2011.

**4 Purposes of Act**

The purposes of this Act are—

- (a) to assess the repayment obligations of borrowers by—
  - (i) disregarding any business or investment losses; and
  - (ii) treating salaries and wages separately from investment and business income:

- (b) to provide for repayment holidays to be granted by the Commissioner and to limit their term to 365 days:
- (c) to require borrowers who apply for repayment holidays to have contact persons who may be requested to assist the Commissioner in locating borrowers:
- (d) to make miscellaneous amendments to the principal Act.

## 5 Interpretation

- (1) The definition of **consolidated loan balance** in section 4(1) is amended by adding “; and” and also by adding the following paragraph:
  - “(c) any interest calculated and accrued under section 135(1)”.
- (2) The definition of **net income** in section 4(1) is repealed.
- (3) The definition of **other income** in section 4(1) is amended by omitting “net income for that tax year other than from salary or wages or” in both places where it appears and substituting in each case “adjusted net income for that tax year other than from”.
- (4) The definition of **other income repayment obligation** in section 4(1) is amended by omitting “other income the borrower derives for a tax year, calculated in accordance with section 91” and substituting “adjusted net income the borrower derives for a tax year, calculated in accordance with section 90 or 91”.
- (5) The definition of **significant over-deduction** in section 4(1) is amended by omitting “, from a borrower who does not derive other income in the tax year in which the deduction is made,”.
- (6) Paragraph (b) of the definition of **special deduction rate** in section 4(1) is repealed.
- (7) Section 4(1) is amended by inserting the following definitions in their appropriate alphabetical order:
  - “**adjusted net income** has the meaning given to it in section 88A
  - “**net pre-taxed income** has the meaning given to it in section 73”.

**6 Certain information must be disclosed in loan contract**

Section 13 is amended by repealing paragraphs (g) and (h) and substituting the following paragraphs:

- “(g) the borrower’s right to object to the details of loan advances set out in a notification given to the borrower in accordance with section 18:
- “(h) the timeframe within which an objection by a borrower under section 167 must be received by the loan manager (*see* section 18(2)(e)).”

**7 New section 16A inserted**

The following section is inserted after section 16:

**“16A Loan manager must notify Commissioner of any details held about borrower’s contact person**

- “(1) In any case where a borrower has advised the loan manager of the details of the borrower’s contact person, the loan manager must notify the Commissioner of the following details, to the extent that they are available:
  - “(a) the name of the individual:
  - “(b) a postal address for the individual:
  - “(c) a telephone number for the individual:
  - “(d) an electronic address for the individual:
  - “(e) any further information specified in regulations.
- “(2) The Commissioner and the loan manager may, for the purpose of this section, determine by written agreement between them—
  - “(a) the frequency with which that notification must be supplied; and
  - “(b) the form in which that notification must be supplied; and
  - “(c) the method by which that notification must be supplied.
- “(3) Subsection (2)(b) and (c) apply despite section 211.”

**8 Commissioner may treat certain borrowers as being physically in New Zealand**

Section 25(2) is amended by omitting “10” and substituting “11”.

**9 Repayment codes for New Zealand-based borrowers who derive salary or wages**

Section 34 is amended by repealing subsections (2) and (3) and substituting the following subsections:

- “(2) The repayment code ‘STC’ applies to a borrower if—
- “(a) the employer is issued with a special tax code certificate under section 24F of the Tax Administration Act 1994; or
  - “(b) the Commissioner requires or permits its use in any other case.
- “(3) If another Act requires an employer to withhold an amount of tax for a PAYE income payment to a borrower and pay the amount to the Commissioner,—
- “(a) the repayment code ‘SL’ may be combined with another code under that Act; and
  - “(b) the repayment code ‘STC’ may be combined into another code under that Act.”

**10 Borrowers with “SL” repayment code must notify employers**

Section 35(2) is amended by repealing paragraphs (b) and (c) and substituting the following paragraph:

- “(b) if an ‘STC’ repayment code ceases to apply to the borrower.”

**11 Employer or PAYE intermediary must make standard deductions from salary or wages**

Section 36(1)(c) is amended by omitting “a special deduction rate” and substituting “an ‘STC’ repayment code”.

**12 Deduction rates that apply to standard deductions from salary or wages**

- (1) Section 37(1) is amended by omitting “If a borrower’s repayment code is ‘SL’ ” and substituting “If the employer of a borrower has not been notified that a special deduction rate applies to the borrower”.
- (2) Section 37(2) is amended by omitting “If a borrower’s repayment code is ‘STC’ ” and substituting “If the employer

has been notified that a special deduction rate applies to the borrower”.

- 13 Employer or PAYE intermediary must make Commissioner deductions from salary or wages**  
Section 38(3)(b) is amended by omitting “tax” and substituting “repayment”.
- 14 Employer or PAYE intermediary must make borrower deductions from salary or wages**  
Section 39(3)(b) is amended by omitting “tax” and substituting “repayment”.
- 15 Deductions from income-tested benefits**  
Section 40 is amended by inserting the following subsection after subsection (2):  
“(2A) If the amount of the deduction determined under subsection (2)(b) is zero, then sections 34 and 35 do not apply.”
- 16 Application for unused repayment threshold to be allocated to secondary employment earnings**  
Section 42(1) is amended by omitting “; and” from paragraph (b) and also by repealing paragraph (c).
- 17 Special deduction rate certificate for unused repayment threshold**  
Section 45(a) is amended by inserting “and the repayment code to be used” after “special deduction rate”.
- 18 Issue and application of special deduction rate certificate**  
Section 46(2)(a) is amended by omitting “or 102”.
- 19 Commissioner must issue additional deduction rate notice to obtain Commissioner deductions**  
Section 49(1)(a) is amended by repealing subparagraph (i) and substituting the following subparagraph:  
“(i) an error or omission by the borrower’s employer or PAYE intermediary; or”.

**20 Procedures for issue of additional deduction rate notice**

Section 50 is amended by repealing subsection (2) and substituting the following subsection:

- “(2) An additional deduction rate notice issued to an employer or a PAYE intermediary in relation to a borrower revokes an additional deduction rate notice previously issued to that employer or PAYE intermediary in relation to the borrower.”

**21 Assessment of standard deductions that ought to have been made**

- (1) Section 51(1)(a)(i) is amended by inserting “or by the borrower’s employer or PAYE intermediary” after “borrower”.
- (2) Section 51(2) is repealed.

**22 Borrowers who are eligible for exemption from standard deductions**

Section 54(1) is amended by repealing paragraphs (b) and (c) and substituting the following paragraph:

- “(b) reasonably expects that the annual repayment threshold for year A will not be exceeded by his or her—
- “(i) gross income from salary or wages; and
  - “(ii) in the case of a borrower to whom subpart 2 applies, net pre-taxed income; and
  - “(iii) in the case of a borrower to whom subpart 3 applies, adjusted net income.”

**23 Significant over-deduction identified by borrower**

Section 65(2) is amended by omitting “the borrower believes the significant over-deduction was made” and inserting “the significant over-deduction is believed to have occurred”.

**24 Procedure if significant over-deduction made**

- (1) Section 67(2)(d) is amended by inserting “, subject to subsections (2A) and (3),” after “borrower may”.
  - (2) Section 67 is amended by inserting the following subsection after subsection (2):
- “(2A) In any case where there is also, in relation to the borrower and any tax year, a significant under-deduction or an unpaid

amount that the Commissioner has at any time identified, the significant under-deduction or unpaid amount may be offset against the significant over-deduction before any refund is made.”

**25 New section 73 substituted**

Section 73 is repealed and the following section substituted:

**“73 Meaning of net pre-taxed income**

“(1) In this Act, **net pre-taxed income**, in relation to a borrower for a tax year, means the amount calculated in accordance with the formula—

$$a = b - c$$

where—

- a is the borrower’s net pre-taxed income for the tax year
- b is the borrower’s pre-taxed income (as defined in section 4(1)) for the tax year
- c is the borrower’s allowable expenses for the tax year.

“(2) However, the pre-taxed income and allowable expenses for any investment activity for a tax year are ignored when calculating a borrower’s net pre-taxed income for that tax year if, treating the borrower as having only the pre-taxed income and allowable expenses of that activity, the borrower would have a net loss for that year.

“(3) For the purposes of applying subsection (2), 2 or more investment activities may be treated as a single activity if the Commissioner considers that those investment activities are of a kind that are normally carried on in association with each other.

“(4) For the purposes of applying subsection (2), as modified by subsection (3), allowable expenses that relate to an asset used in carrying on 2 or more investment activities must be appropriately apportioned between those activities on the basis of the use of that asset in those activities.

“(5) In this section,—

**“allowable expenses** means—

- “(a) expenditure or interest for which a person is allowed a deduction under section DB 3, DB 5, or DB 6 of the Income Tax Act 2007:

“(b) a premium under a policy of income protection insurance for which a person is allowed a deduction under section DA 1 of the Income Tax Act 2007

“**investment activity** has the same meaning as in section MB 3(5) of the Income Tax Act 2007.”

Compare: 2007 No 97 s MB 3

## 26 New section 88A inserted

The following section is inserted after section 88:

### “88A Meaning of adjusted net income

“(1) In this Act, **adjusted net income** means a borrower’s income calculated in accordance with the formula—

$$a = b - c$$

where—

a is the borrower’s adjusted net income

b is the borrower’s annual gross income other than from salary or wages

c is the borrower’s annual total deductions.

“(2) However, the income and deductions for any investment activity, or for any business, for a tax year are ignored when calculating a borrower’s adjusted net income for that tax year if, treating the borrower as having only the income and deductions of that investment activity or of that business, the borrower would have a net loss for that year.

“(3) For the purposes of applying subsection (2), 2 or more business or investment activities may be treated as a single activity if the Commissioner considers that those business or investment activities are of a kind that are normally carried on in association with each other.

“(4) For the purposes of applying subsection (2), as modified by subsection (3), deductions that relate to an asset used in carrying on 2 or more business or investment activities must be appropriately apportioned between those activities on the basis of the use of that asset in those activities.

“(5) In this section,—

“**business** has the same meaning as in section YA 1 of the Income Tax Act 2007

“**investment activity** has the same meaning as in section MB 3(5) of the Income Tax Act 2007.”

Compare: 2007 No 97 s MB 3(2)

**27 New sections 90 and 91 substituted**

Sections 90 and 91 are repealed and the following sections substituted:

**“90 Calculation of borrower’s other income repayment obligation where salary or wages below threshold**

- “(1) Subsection (2) applies if, in relation to a tax year,—
- “(a) this subpart applies to a borrower; and
  - “(b) the gross income that the borrower derived from salary or wages is less than the annual repayment threshold.
- “(2) The borrower’s other income repayment obligation for the tax year must be calculated in accordance with the formula—

$$a = b \times (c - d)$$

where—

- a is the borrower’s other income repayment obligation for the tax year
  - b is the repayment percentage
  - c is the income that the borrower derives from adjusted net income and from salary or wages for the tax year
  - d is the annual repayment threshold.
- “(3) If the borrower’s other income repayment obligation for the tax year is zero or less, the borrower has no other income repayment obligation for the tax year.

**“91 Calculation of borrower’s other income repayment obligation where salary or wages equal to or above threshold**

- “(1) Subsection (2) applies if, in relation to a tax year,—
- “(a) this subpart applies to a borrower; and
  - “(b) the gross income that the borrower derived from salary or wages is equal to or more than the annual repayment threshold.
- “(2) The borrower’s other income repayment obligation for the tax year must be calculated in accordance with the formula—

$$a = b \times c$$

where—

- a is the borrower's other income repayment obligation for the tax year
- b is the repayment percentage
- c is the income that the borrower derives from adjusted net income for the tax year.

**28 Due dates for payment of remaining repayments**

- (1) Section 94(2)(b) is amended by inserting “, or his or her notification of gross income and deductions under section 114 or 114A,” after “return of income”.
- (2) Section 94(4)(b) is amended by inserting “, or his or her notification of gross income and deductions under section 114 or 114A,” after “return of income”.

**29 Heading and sections 101 to 104 repealed**

The heading above section 101 and sections 101 to 104 are repealed.

**30 New sections 106 to 108A and heading substituted**

Sections 106 to 108 and the heading above section 107 are repealed and the following sections and heading substituted:

**“106 Meaning of repayment holiday**

In this subpart, **repayment holiday** means a period during which a borrower's overseas-based repayment obligation is reduced to zero.

*“Repayment holiday from overseas-based repayment obligations*

**“107 Borrowers who intend to be overseas-based may apply for repayment holidays**

- “(1) A borrower may, by notifying the Commissioner, apply to the Commissioner for a repayment holiday if he or she intends to be overseas-based.

“(2) The application may be made from New Zealand or from overseas, but no application may be made by an overseas-based borrower.

**“107A Contact person to be nominated**

“(1) At the time of making an application under section 107, the borrower must nominate, as the borrower’s contact person, an individual who resides in New Zealand.

“(2) The borrower nominates a contact person by notifying the Commissioner of an individual who is willing to act as the borrower’s contact person and by specifying the following details in that notification:

“(a) the name of the individual:

“(b) a New Zealand postal address for the individual:

“(c) an electronic address for the individual (if the individual has one):

“(d) a New Zealand telephone number for the individual (if the individual has one):

“(e) any further information specified in regulations.

**“107B Grant of repayment holiday**

“(1) The Commissioner may grant a repayment holiday to a borrower who applies under section 107 if satisfied that the borrower—

“(a) has not reached the borrower’s limit; and

“(b) has complied with section 107A.

“(2) A borrower who is granted a repayment holiday becomes entitled to that repayment holiday on the day on which the borrower becomes overseas-based.

“(3) For the purposes of this subpart, a borrower reaches the borrower’s limit if—

“(a) the borrower has had 1 or more repayment holidays, granted under this Act, for a period of 365 days or for periods that total 365 days; or

“(b) the borrower has had 1 or more repayment holidays under Part 3 of the Student Loan Scheme Act 1992 for a period of 3 years or for periods that total 3 years; or

“(c) the borrower has had—

- “(i) 1 or more repayment holidays under Part 3 of the Student Loan Scheme Act 1992 for a period of less than 3 years or for periods that total less than 3 years; and
- “(ii) 1 or more repayment holidays, granted under this Act, for a period that equals, or for periods that in total equal, the lesser of—
  - “(A) 365 days; and
  - “(B) the remainder of the period of the repayment holiday to which the borrower would have been entitled under Part 3 of the Student Loan Scheme Act 1992 if that Act had not been repealed; or
- “(d) the borrower has had his or her repayment holiday under Part 3 of the Student Loan Scheme Act 1992 continued under section 108A(2) for the maximum period prescribed for that continuation.

**“108 Duration of repayment holiday**

- “(1) Despite section 107B(2), for the purpose of determining the duration of a repayment holiday, the repayment holiday of a borrower who has become entitled to it under that subsection is deemed to have commenced on the first day of the period of the borrower’s physical absence from New Zealand, being the period that resulted in the borrower becoming overseas-based.
- “(2) The repayment holiday of a borrower who has become entitled to it under section 107B(2) ends on the earlier of—
  - “(a) the day that the borrower reaches the borrower’s limit; and
  - “(b) the day on which the borrower ceases to be overseas-based.
- “(3) A borrower’s repayment obligation must be calculated in accordance with sections 110 and 111 if the borrower is, at any time, overseas-based after his or her repayment holiday has ended.

**“108A Borrowers who have had, or are having, repayment holidays under Student Loan Scheme Act 1992**

- “(1) A New Zealand-based borrower who has had 1 or more repayment holidays under Part 3 of the Student Loan Scheme Act 1992, but who has not reached the borrower’s limit (within the meaning of section 107B(3)), must apply under section 107 if he or she wishes to have a repayment holiday under this Act.
- “(2) An overseas-based borrower who, as at 31 March 2012, has a repayment holiday under Part 3 of the Student Loan Scheme Act 1992 that, but for the repeal of that Act, would have continued under that Act continues to have a repayment holiday under this Act, but for no longer than the lesser of—
- “(a) 365 days; and
  - “(b) the remainder of the period of the repayment holiday to which the borrower would have been entitled under Part 3 of the Student Loan Scheme Act 1992 if that Act had not been repealed.
- “(3) The repayment obligation of a borrower to whom subsection (2) applies must be calculated in accordance with sections 110 and 111 if the borrower is, at any time, overseas-based after his or her repayment holiday has ended in accordance with that subsection.”

**31 Repayment obligations of overseas-based borrowers**

- (1) Section 110 is amended by repealing subsection (1) and substituting the following subsection:
- “(1) This section applies to an overseas-based borrower who is not, or is no longer, entitled to a repayment holiday under section 107B or 108A(2).”
- (2) Section 110(6)(b)(iii) is amended by omitting “excluding” and substituting “subtracting”.

**32 Exceptions to repayment obligations of overseas-based borrowers**

Section 111(5)(b)(iii) is amended by omitting “excluding” and substituting “subtracting”.

**33 Repayment to be made by instalments**

Section 112 is amended by repealing subsection (3) and substituting the following subsection:

- “(3) However, a borrower’s overseas-based repayment obligation for a tax year must be paid by the borrower in instalments as determined by the Commissioner if any repayment holiday granted to the borrower under section 107B or continued under section 108A(2) ends part-way through the tax year.”

**34 New section 114A inserted**

The following section is inserted after section 114:

**“114A Extension of time for making notification of worldwide income**

- “(1) This section applies if section 114(2) applies.
- “(2) A borrower may apply to the Commissioner for an extension of time for the making of a notification of the borrower’s annual gross income and annual total deductions in accordance with section 37(3) to (5) of the Tax Administration Act 1994, and those subsections apply, as far as applicable and with all necessary modifications, as if—
- “(a) the reference to ‘the due date required under this section’ were a reference to ‘the due date required under section 114(3) of the Student Loan Scheme Act 2011’; and
  - “(b) every reference to a taxpayer were a reference to a borrower; and
  - “(c) every reference to a return or a return of income were a reference to a notification of the borrower’s annual gross income and annual total deductions.”

**35 Repayment obligations of borrowers who are overseas-based for part of tax year**

Section 115(1) is amended by repealing paragraph (c) and substituting the following paragraph:

- “(c) section 110(4) or 111 (as applicable) applies to any portion of the tax year during which the borrower is overseas-based and is not entitled to a repayment holiday (as defined in section 106); and”.

**36 Overseas-based borrower's standard and Commissioner deductions satisfy overseas-based repayment obligation**

Section 117(3) is repealed.

**37 Interpretation**

The definition of **10% bonus** in section 118 is amended by omitting "124(2), or 125(2)" and substituting "or 124(2)".

**38 Meaning of excess repayment**

(1) Section 119(2) is repealed and the following subsection substituted:

“(2) In determining whether an excess repayment has been made, the Commissioner must—

“(a) disregard a salary or wage deduction or a payment made to the Commissioner that is subsequently refunded; and

“(b) treat a borrower's repayment obligation as if any relief granted under section 147 had not been granted; and

“(c) disregard any fee refunded by an education provider to the loan manager or the Commissioner.”

(2) Section 119(3) is amended by repealing the definition of **total obligations** and substituting the following definition:

“**total obligations** means—

“(a) all unpaid amounts; and

“(b) any standard deductions that were deducted in the tax year except—

“(i) a significant over-deduction; or

“(ii) a standard deduction or Commissioner deduction for the purposes set out in section 49(1)(a) made (in accordance with section 116) from the salary or wages an overseas-based borrower derives from New Zealand; and

“(c) any Commissioner deductions for the purposes set out in section 49(1)(a) that were deducted in the tax year; and

“(d) any other income repayment obligations for the tax year; and

“(e) any pre-taxed repayment obligation for the tax year; and

“(f) any overseas-based repayment obligation for the tax year; and

- “(g) any amount that must be paid by a borrower in accordance with a written notification under section 52 for the tax year; and
  - “(h) penalties imposed under subpart 3 of Part 4”.
- (3) The definition of **total payments** in section 119(3) is amended by repealing paragraph (a) and substituting the following paragraph:
- “(a) all salary or wage deductions that were deducted in the tax year (including salary and wage deductions made in accordance with section 116 from the salary or wages an overseas-based borrower derives from New Zealand); and”.

**39 Section 125 repealed**  
Section 125 is repealed.

**40 Consequences of refund or credit to next tax year**  
Section 129(2) is repealed.

- 41 Loan interest calculated daily and charged and compounded annually**
- (1) Section 135(1) is amended by inserting “and accrues” after “is calculated”.
  - (2) Section 135(2) is amended by adding “or an earlier date determined by the Commissioner, at his or her discretion, that is within the relevant tax year”.

- 42 Commissioner may grant relief from late payment interest**  
Section 146 is amended by repealing subsection (3) and substituting the following subsections:
- “(3) So much of any cancelled late payment interest that has already been paid must be offset as follows:
    - “(a) first, against any unpaid amount the borrower has; and
    - “(b) secondly, any remainder must be offset against the borrower’s current year obligations; and
    - “(c) thirdly, any remainder must be offset against the borrower’s loan balance.

“(4) Where any amount is, under subsection (3)(c), applied to the loan balance, the borrower may choose to have that amount refunded in whole or in part, and section 132(2) and (3) apply to that choice with all necessary modifications.”

**43 Special deduction rate certificate for hardship relief**

Section 148(2)(a) is amended by inserting “and the repayment code to be used” after “specifies a special deduction rate”.

**44 Issue and application of special deduction rate certificate**

Section 149(2) is amended by omitting “, 102,”.

**45 Late filing penalty for certain declarations**

(1) Section 155(3) is amended by omitting “net income” and substituting “adjusted net income or net pre-taxed income”.

(2) Section 155(5) is amended by inserting “and section 156” after “In this section”.

**46 Due dates for payment of late filing penalty**

Section 156(b) and (c) are amended by omitting “file a return of income under section 37 of the Tax Administration Act 1994” and substituting in each case “make a declaration under section 75 or 114A”.

**47 Annual administration fee**

Section 189(1) is amended by omitting “has a loan balance” and substituting “has a consolidated loan balance”.

**48 New sections 193A and 193B inserted**

The following sections are inserted after section 193:

**“193A Contact person may be requested to assist**

“(1) The Commissioner may at any time advise a person that the person has been nominated as the contact person of a borrower.

“(2) If, in any case where a borrower has an unpaid amount, the Commissioner does not have the current address details for the borrower or is uncertain as to the accuracy of the address details for the borrower, the Commissioner may request the borrower’s contact person—

- “(a) to notify the Commissioner of the borrower’s current address details; or
  - “(b) to ask the borrower to notify the Commissioner of the borrower’s current address details.
- “(3) In subsection (2), **address details**, in relation to a borrower, means—
- “(a) all postal addresses for the borrower; and
  - “(b) all electronic addresses for the borrower (if the borrower has any); and
  - “(c) all telephone numbers for the borrower (if the borrower has any).
- “(4) The Commissioner may not make a request under subsection (2) unless the contact person confirms that he or she is willing to act as the borrower’s contact person.
- “(5) The Commissioner—
- “(a) may not disclose any matters about the borrower other than those required to be disclosed for the purposes of this section; and
  - “(b) may use any information obtained from a request under this section only for the purposes of this Act.
- “(6) In this section and section 193B, **contact person**, in relation to a borrower, means—
- “(a) an individual whose name has been notified under section 16A in relation to the borrower; or
  - “(b) an individual nominated by the borrower under section 107A or 193B.

**“193B Changes relating to identity and details of contact person**

- “(1) Whenever the contact person of a borrower dies or becomes incapacitated or is for any other reason ineligible, unable, or unwilling to act as the borrower’s contact person, the borrower must nominate another contact person who resides in New Zealand in the manner provided by section 107A(2).
- “(2) If there is a change in any of the details of a borrower’s contact person, the borrower must promptly notify the Commissioner of the changed details.”

**49 Date on which salary or wage deductions and payments treated as being made and credited**

- (1) Section 195(3) is amended by omitting “loan interest and”.
- (2) Section 195 is amended by inserting the following subsection after subsection (3):

“(3A) For the purpose of calculating loan interest,—

- “(a) a salary or wage deduction is credited on the 16th day of the month in which the deduction is made; and
- “(b) all other payments are credited on the day after the date on which they are received by the Commissioner.”

**50 Cancellation of loan interest if consolidated loan balance repaid early**

Section 196 is amended by repealing subsection (2) and substituting the following subsection:

- “(2) The Commissioner must cancel any loan interest that is calculated and accrued between the date of the notification and the date on which the payment is received.”

**51 Early applications and issue of certificates for transition to this Act**

- (1) Section 219(1)(a) is amended by omitting “, 101,”.
- (2) Section 219(1)(b) is amended by omitting “(in accordance with section 34(2)(b))”.
- (3) Section 219(2)(a) is amended by omitting “, 102,”.

**52 Amendments to this Act**

Section 221 is amended by inserting “, and is subject to the transitional provisions,” after “manner”.

**53 Schedule 1 amended**

Schedule 1 is amended by adding the following clause:

**“11 Certain exempt borrowers must notify Commissioner of their worldwide income**

- “(1) This clause applies to a borrower who is treated as being physically in New Zealand under any of paragraphs (b), (g), (h), (i), and (j) of section 25(1).

“(2) The borrower must notify the Commissioner of the borrower’s annual gross income and annual total deductions in accordance with section 114(2), and sections 114(3) and (4) and 114A apply accordingly.”

**54 Schedule 2 amended**

Clause 1 of Schedule 2 is amended by repealing paragraph (d) and substituting the following paragraph:

“(d) every reference to a tax code were a reference to, as applicable, the repayment codes ‘SL’, ‘STC’, ‘SLCIR’, or ‘SLBOR’; and”.

**55 Schedule 5 amended**

Schedule 5 is amended by repealing clause 2.

**56 Schedule 6 amended**

- (1) Clause 6(1)(b) of Schedule 6 is amended by omitting “2012” and substituting “2013”.
- (2) Clause 6(1)(b) of Schedule 6 is amended by inserting “or late payment interest under section 139(1) of this Act” after “Student Loan Scheme Act 1992”.
- (3) Clauses 9 and 10(4)(b)(ii)(B) of Schedule 6 are repealed.

**57 Schedule 7 amended**

- (1) Schedule 7 is amended by inserting the following clause before clause 1:

**“1AA Interpretation**

The definition of **consolidated loan balance** in section 4(1) is amended by repealing paragraphs (b) and (c) and substituting the following paragraph:

“(b) any unpaid amount”.

- (2) Schedule 7 is amended by repealing clause 2 and substituting the following clause:

**“2 Overseas-based borrower’s standard and Commissioner deductions satisfy overseas-based repayment obligation**

Section 117 is amended by adding the following subsection:

- “(4) In relation to the tax year starting on 1 April 2013, and every subsequent year, this section overrides section 194A(1) and (2).”
- (3) Schedule 7 is amended by inserting the following clause after clause 4:
- “4A Transitional provisions relating to late payment interest**
- “(1) Subclause (2) applies to any interim payments payable by a borrower for the tax year starting 1 April 2012 if 1 or more of those interim payments are due before the commencement of clause 4 of this schedule and 1 or more of those interim payments are due after that commencement.
- “(2) In relation to interim payments to which this subclause applies, the term **unpaid amount** in sections 139 to 141 (as substituted by clause 4 of this schedule) is (despite section 5 as substituted by clause 1 of this schedule) taken to refer to an interim payment default (within the meaning of section 5 as in force before the commencement of clause 1 of this schedule) that has not been paid on or before the due date determined by section 5 (as so in force) and that has not been decreased, reduced, or written off by the Commissioner.
- “(3) Subclause (4) applies to any instalments of an overseas-based repayment obligation payable by a borrower for the tax year starting 1 April 2012 if 1 or more of those instalments are due before the commencement of clause 4 of this schedule and 1 or more of those instalments are due after that commencement.
- “(4) In relation to instalments of an overseas-based repayment obligation to which this subclause applies, the term **unpaid amount** in sections 139 to 141 (as substituted by clause 4 of this schedule) is (despite section 5 as substituted by clause 1 of this schedule) taken to refer to an overseas-based instalment default (within the meaning of section 5(2) as in force before the commencement of clause 1 of this schedule) that has not been paid on or before the due date determined by section 5(2) (as so in force) and that has not been decreased, reduced, or written off by the Commissioner.
- “(5) Subclause (6) applies to any remaining repayments payable by a borrower for the tax year starting 1 April 2012 if 1 or more of those remaining repayments are due before the com-

mencement of clause 4 of this schedule and 1 or more of those remaining repayments are due after that commencement.

- “(6) In relation to remaining repayments to which this subclause applies, the term **unpaid amount** in sections 139 to 141 (as substituted by clause 4 of this schedule) is (despite section 5 as substituted by clause 1 of this schedule) taken to refer to the aggregate of those remaining repayments that have not been paid on or before the due date for the final of those remaining repayments and that have not been decreased, reduced, or written off by the Commissioner.”
- (4) Section 146(1)(a), as substituted by clause 6 of Schedule 7, is repealed and the following paragraph substituted:
- “(a) if late payment interest has been added to a borrower’s unpaid amount under section 141; and”.
- (5) Section 146(3)(b), as substituted by clause 6 of Schedule 7, is amended by omitting “if the late payment interest has been added to the borrower’s unpaid amount under section 141(2),”.

#### **58 Schedule 9 amended**

The item relating to section 81(4)(g) and (gb) of the Tax Administration Act 1994 in Schedule 9 is amended by adding the following paragraph:

“(gba) communicating to a contact person (within the meaning of section 193A of the Student Loan Scheme Act 2011), for the purposes of a request under that section, any information required to be communicated by that section.”.

## **Part 2 Transitional provision**

#### **59 Transitional provision**

- (1) Until the close of 31 December 2012, the definition of **contact person** in section 193A(6) of the principal Act must be read without reference to paragraph (a) of that definition.
- (2) This section is repealed on 1 January 2013.

**Legislative history**

7 September 2011	Introduction (Bill 326–1)
15 September 2011	First reading and referral to Finance and Expenditure Committee
13 March 2012	Reported from Finance and Expenditure Committee (Bill 326–2)
27 March 2012	Second reading
28 March 2012	Committee of the whole House (Bill 326–3)
3 April 2012	Third reading
11 April 2012	Royal assent

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This Act is administered by the Inland Revenue Department.

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