

## MAKING TAX SIMPLER

### BETTER ADMINISTRATION OF SOCIAL POLICY

[makingtaxsimpler.ird.govt.nz](http://makingtaxsimpler.ird.govt.nz)

## ***Are you paying back a Student Loan?***

*The Government wants your views on making repayments simple and easy*

### ***Two main changes proposed***

***Making Tax Simpler is a chance to improve the way Inland Revenue helps you to repay your loan***

***Have your say at:***

[socialpolicy.makingtaxsimpler.ird.govt.nz](http://socialpolicy.makingtaxsimpler.ird.govt.nz)



***You can have your say until Friday 15 September 2017***

The Government wants to improve how Inland Revenue manages Student Loans and is interested in your views.

Inland Revenue collects repayments of Student Loans from borrowers. If you live in New Zealand and your income is from salary or wages, your employer deducts your Student Loan repayments along with your tax.

The Government is proposing changes to the way borrowers who live in New Zealand and who earn other types of income repay their loans.

The changes would help these borrowers to stay on top of their Student Loans by making regular payments through the tax year rather than a big payment at the end of the year.

There are two main proposals that would affect Student Loan borrowers, but only those who live in New Zealand.

The Government is proposing to extend the requirement for employers to deduct Student Loan repayments, so that borrowers who do contract work and casual agricultural work would also have repayments deducted from their wages.

Borrowers who are self-employed or who have other income that doesn't have Student Loan repayments deducted along with tax (the way salary and wages do) would have to make regular payments during the year.

The Government is modernising the tax administration system to make tax simpler so it's less work for you to do the right thing.

As part of this modernisation, Inland Revenue wants to work more closely with customers to get their tax or repayments right during the year.

Currently, if you have income that's not salary or wages, you pay a lump sum Student Loan repayment at the end of the year and you may be asked to make three interim payments during the year. It can be difficult to budget for this, and some borrowers get into debt.

Paying smaller amounts more often during the year would mean there's less chance of missing a payment or having to pay late payment interest.

This consultation is your opportunity to tell the Government how these proposals would affect you.

Please consider the proposals set out over the page and go online to give us your feedback.

By helping the Government to improve the way Inland Revenue manages Student Loans you can make a difference to other borrowers throughout New Zealand.

## LEARN MORE ABOUT THE PROPOSALS

### ***Employers would deduct repayments from more borrowers***

Employers would be required to deduct Student Loan repayments from all borrowers, including contractors, casual agricultural workers and election day workers.

This means these types of workers would have smaller more regular payments throughout the tax year. At the end of the year there would still be a square-up but they would no longer need to make a large end-of-year payment.

### ***Borrowers with other types of income would make more regular payments***

Borrowers who have income that can't have deductions made from it, such as from a business or self-employment, would be able to have their repayments based on information they provide during the year, for example every two months.

For those who don't want to provide information during the year, their previous year's income would be used to estimate the repayments. These payments would be made more regularly during the year, for example monthly.

Borrowers would make smaller, more regular payments throughout the tax year, and there would be a square-up at the end of the year. The amount of the square-up should be smaller than current square-ups.

### ***Helping borrowers if they miss a repayment***

More regular and manageable repayments would reduce the chance of a missed payment, but if it did happen Inland Revenue would step in more quickly to help people get back on track.

There would be no late payment interest while people were catching up with their missed payments.

### ***Making it easier to understand the rules***

The Government wants it to be easy for you to understand the rules around repaying your Student Loan.

It's proposing to review and simplify the definition of "income" that applies to Student Loan borrowers.

### ***Flexibility to move away from a one-size-fits-all approach***

The Government is proposing to give Inland Revenue more flexibility when working with borrowers with unusual circumstances so those borrowers can continue to repay their loans easily.

## **HAVE YOUR SAY**

[socialpolicy.makingtaxsimpler.ird.govt.nz](https://socialpolicy.makingtaxsimpler.ird.govt.nz)

The Government is also proposing changes to the way Inland Revenue manages Working for Families and Child Support repayments. Read more about all the proposals at [socialpolicy.makingtaxsimpler.ird.govt.nz](https://socialpolicy.makingtaxsimpler.ird.govt.nz)

The Government wants your feedback. You can answer a quick survey, take part in an online forum or send a formal submission.

These proposals will require changes to the law. If the proposals are agreed, Inland Revenue will provide information about the changes well before they happen.