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## ONLINE FORUM - CLOSING STATEMENT

Thank you for visiting our student loans consultation website. Unfortunately, the online consultation forum has now closed.

Although the forum itself is closed and you will not be able post any further comments, we have kept the website open so that you can view the site and the comments that were made by contributors when the forum was open.

If you have any questions regarding the forum, please contact us at [policy.webmaster@ird.govt.nz](mailto:policy.webmaster@ird.govt.nz)

As you probably know, this is the first time we've used a forum. We've been really pleased with how it went, and we've been especially impressed by the number of people who commented, and the quality of the comments that were posted.

We'd like to thank everyone who took time to participate in the forum during this period. Your comments will be taken on board when it comes time for us to make formal recommendations to the government on the details of the changes.

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## Proposals at a glance

The changes will affect the following people:

- borrowers who are [employees](#);
- borrowers who are [self-employed or who have other forms of income](#); and
- borrowers who are based [overseas](#).

There are also some proposed improvements to [online services](#), which would apply to all borrowers. The proposed new rules are tailored to borrowers' different circumstances.

For most employees, the changes would make paying back their student loans simpler because they are based on pay-period deductions rather than square-ups at year-end.

Better use of software and online tools will mean more accurate assessments, with fewer and less significant overpayments and underpayments. Minor discrepancies will be ignored.

If you have overpaid, in most cases the excess will be put towards your loan, rather than refunded. The rules also move away from due dates and late payment penalties where possible.

Enhanced online services will mean that borrowers can monitor and manage their accounts at their convenience. This will make things a lot easier for overseas borrowers in particular.

Allowing borrowers to manage their loan repayment accounts online will allow Inland Revenue to focus resources on offering customised service for borrowers whose circumstances change.

These proposals are explained on this website. A detailed written version of these proposals is also available [online](#).

To find out more:

- [Your feedback](#)
- [Why consider changes](#)
- [Employees](#)
- [Borrowers who are self-employed or have other forms of income](#)
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## Why consider changes?

The government wants to make it easier for borrowers to manage their repayments and get out of debt sooner. More than half a million people have student loans, and this number grows each year. Most borrowers are people who have finished their studies and are paying off their loans.

The present repayment system is complex. For example, if you are a New Zealand-based borrower, you require a yearly assessment and square-up of how much you paid and how much owed over the year.

Inland Revenue has to perform these tasks manually, which takes a lot of administrative time and resources. Many borrowers receive letters and statements from us several times a year, and they have to contact us if they have questions about their loan balance or repayment levels.

To find out more:

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## Your feedback

This forum was created to make it easy for you to provide feedback on proposed changes to the student loan scheme.

We encourage you to read the [Privacy Policy](#) and the [Terms of Use](#) carefully before commenting.

You can submit your comments directly to us if you'd rather not post them online.

Remember that all feedback, whether received online or as an emailed or a written submission is subject to requests under the Official Information Act 1982. If you're making an emailed or written submission, please indicate if you believe that any of the information you provide should be withheld under that Act.

All comments must be submitted by 24 July 2009.

If you would prefer to write to us, here's our address:

Student loan proposals  
C/- Deputy Commissioner, Policy  
Policy Advice Division  
Inland Revenue Department  
PO Box 2198  
Wellington

Or email [policy.webmaster@ird.govt.nz](mailto:policy.webmaster@ird.govt.nz) with "Student loan proposals" in the subject line.

Find out more

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## Terms of Use

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### The forum

This forum was created by Inland Revenue for open public consultation to help the government develop better policy. The [Policy Advice Division](#) of Inland Revenue monitors forum comments to support an environment where all participants can contribute freely to constructive discussion and debate.

By registering and choosing to participate in this forum, you agree to comply with these Terms of Use. Please read the following information carefully.

Anything you post on this forum is subject to the [Official Information Act 1982](#).

### Commenting standards

All contributions to the forum should be:

- thoughtful
- respectful of others
- free from offensive language
- lawful.

As well, your comments should:

- protect your privacy and that of others - don't include names, email addresses, street addresses, phone numbers or any other identifying information in your user name or your comments. However, you may use your own real name (and if you represent an organisation, its name) if you wish, but remember that this is a public forum and others may misuse this information
- relate to the relevant topic and issues being discussed
- represent your own, genuine, views.

Comments should not include:

- profane or offensive language including, but not limited to, hateful, abusive, discriminatory, obscene or sexually explicit comments, or anything else which is objectionable
- threats, personal attacks, libel or defamation
- blatant misstatements of fact
- confidential or commercially sensitive information
- spam or any other form of solicitation, promotion or endorsement of business or commercial interests
- misrepresentations of the commenter's identity
- anything that infringes on the rights of another individual or organisation, including, but not limited to, legal, privacy or intellectual property rights.

**We reserve the right to edit or delete comments, before and / or after they appear on the forum, that in our view do not comply with these Terms of Use.**

We will inform you via email if we edit or delete your comment, and give you the opportunity to post again, except in the case of a serious or repeated breach of these Terms of Use or where we otherwise consider it appropriate not to do so.

Participants who seriously or repeatedly breach the Terms of Use may have their posting rights suspended and/or their accounts terminated without notice.

If you think that anyone else has posted a comment which breaches the Terms of Use, please let us know using the "report post" button.

### Participating in forum discussions

Before you can use the forum, you must [register](#) and create a username and password for signing in. You will need a valid email address to confirm your registration. Please only register once - we may block one or more of your

accounts if you appear to be using multiple usernames to distort the forum discussion.

Any personal information you choose to provide will be used for the purposes and administration of this forum and treated in accordance with Inland Revenue's [privacy policy](#).

Once you have registered, you can post comments on any of the forum topic discussion boards.

You are responsible for all postings under your username and password. Please keep them confidential.

If you suspect someone has used your account without your consent, please notify us immediately by emailing [forumadmin@ird.govt.nz](mailto:forumadmin@ird.govt.nz)

#### Attribution of views

Comments on this forum are the views of the contributors to this forum, and do not represent the views of Inland Revenue or the government.

#### Changes to the Terms of Use

We may update these Terms of Use from time to time without notice.

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## Frequently asked questions (FAQs)

### Using the forum

#### **I don't have a student loan - can I still contribute to the forum?**

- Yes, anyone can contribute to the forum.

#### **Should my post include details about my student loan or other personal information?**

- Forum posts can be viewed by all forum users, so your posts should not contain any personal information. If your post wouldn't make sense with that information left out, you can instead send us your thoughts by email or letter. See our [timeline](#).

#### **I have posted to the forum, but my post doesn't appear. Why?**

- This is a moderated forum. We may check posts before they appear on the forum. We may also delete posts that are not directly relevant to the policy proposals, or that may be inappropriate or offensive. See the forum's [Terms of Use](#).

#### **Will you delete posts that say negative things about the proposals?**

- The forum's purpose is to seek people's views on the proposals, so we are interested in all points of view. If you disagree with any of the changes proposed, use your post to explain why. We'll only delete comments which don't comply with the forum's [Terms of Use](#) - for example, using offensive language.

#### **I'd like more detail on the proposals - where can I get more information?**

- The forum's content has been written for the online format, and therefore aims to be concise. If you would like to read more comprehensive information about the policy proposals, it is available [here](#).

#### **I don't understand some of the words used.**

- Technical words are explained in our [Glossary](#).

#### **How long is the forum open for?**

- The forum is open until 17 July 2009. This gives us time to work through the comments and prepare legislation for later this year, if that's what government Ministers choose to do.

#### **What if I have additional feedback after the forum has closed?**

- You can write to us or email us at the addresses set out [here](#), but we're expecting to report to government Ministers soon after the forum closes, so we might not be able to take late comments into account.

### What happens next?

#### **When will the changes described in this forum take effect?**

- The examples and scenarios used in the forum are only proposals at this stage. Once the forum closes and the feedback is considered, policy proposals will be developed for consideration by government ministers later this year. If the government wishes to implement those proposals, new legislation could be introduced in late 2009, with the changes applying from early 2011.

To keep informed about student loan issues, including any new legislation being put forward, you can sign up to our [NotifyMe](#) email newsletter.

#### **Will all your policy consultation be via online forums from now on?**

- This is the first time we've used an online forum to consult with the general public. If it proves a successful way of obtaining meaningful feedback about policy proposals, we will certainly be keen to use an online forum again for

suitable future issues.

#### Other questions

##### **I've got a question about my student loan. Where can I ask that?**

- The [student loans page](#) on the Inland Revenue website has answers to common questions, or you can [contact Inland Revenue](#) to discuss your question directly.

##### **Why are you using an online forum to get people's views?**

- We've sought people's views on policy changes for a long time - [here's some that we've done before](#). We decided to use an online forum for this consultation because, with more and more people using the internet, it is a good way of getting a wide range of public feedback on our proposals.

#### Further questions about the forum

##### **I've got a question about the forum which isn't covered in the above FAQs.**

- Email us at [forumadmin@ird.govt.nz](mailto:forumadmin@ird.govt.nz)

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## Glossary of terms

**Borrower:** any person with a student loan.

**Employee:** a person whose main source of income is from salary or wages paid by an employer.

**Interest rate:** the rate at which interest is charged on your loan balance if you're an overseas-based borrower. The interest rate is adjusted every year. The interest rate for the 2009–10 tax year is 6.8%.

**Late payment penalties:** penalties incurred when you fail to meet your student loan repayment obligations.

**New Zealand-based borrower:** any borrower who qualifies for an interest-free student loan.

**Notice of assessment:** a notice from Inland Revenue telling you how much you need to pay. You won't get a notice of assessment if you're on a repayment holiday.

**Official Information Act 1982:** the Act that regulates the release of government information to the public.

**Online services:** services provided through the internet. A key feature of these proposals is to move student loan services to a web-based system.

**Over-deductions (overpayments):** when a borrower's student loan repayments made through the PAYE system have been too large and therefore the deductions have exceeded the compulsory repayment obligation.

**Overseas-based borrowers:** borrowers who doesn't qualify for an interest-free student loan because they've been overseas for 184 or more consecutive days and don't qualify for one of the exemptions.

**PAYE system:** a "pay as you earn" system where employees make payments towards their tax liability and student loans through deductions from their salary and wages each pay period. Employees select a tax code based on their yearly salary or wage and their employer uses this to determine the amount of deductions for income tax and student loan repayments.

**Personal tax summary:** a summary of your income for the year that indicates any income tax to pay or be refunded.

**Repayment holiday:** a period during which a borrower is not required to make payments towards their loan, although interest continues to accrue. A repayment holiday applies only to overseas-based borrowers.

**Repayment obligation:** an assessment of the amount owed on your student loan for a tax year. For New Zealand-based student loan borrowers, the obligation is equal to 10% of your income over the repayment threshold. Any repayments you have already made are deducted from this obligation to establish your year-end payment.

**Repayment threshold:** the amount you can earn in a tax year before you must start paying back your loan. For the tax year 1 April 2009 to 31 March 2010, the repayment threshold is \$19,084.

**Secondary income:** income from a job that is separate from and in addition to a taxpayer's main job.

**Self-employed:** a person who earns income from their own business activities rather than from an employer.

**StudyLink:** a service of the Ministry of Social Development that helps students access financial support and other entitlements while they complete their studies.

**Tax codes:** codes used by the PAYE system to determine the correct deductions. Taxpayers select a tax code by filling out the flow chart on the IR330 form when they start a job. The codes indicate whether a job is the taxpayer's main or secondary employment and whether they have a student loan. If a taxpayer's circumstances change, they may have to change their tax code.

**Under-deductions (underpayments):** when a borrower's student loan repayments made through the PAYE system have been too small and the repayments are less than the compulsory repayment obligation.

**Voluntary repayment bonus:** the proposed government policy whereby borrowers who make voluntary repayments of \$500 or more over their compulsory repayment obligation in a tax year get a repayment bonus of 10% of the extra amount.

**Voluntary repayments:** a payment above your compulsory repayment obligation. You can make voluntary repayments even if you earn less than the repayment threshold. A voluntary repayment will reduce the term of your student loan. You can choose to pay off some, or all, of your student loan at any time.

**Year-end square-up:** an assessment process at the end of the tax year (31 March) to determine if a taxpayer has paid the right amount of income tax or made the right student loan repayments.

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## About us

This forum was developed by the Policy Advice Division of Inland Revenue.

The Policy Advice Division advises the New Zealand government on all aspects of tax law and reform, and on social policy measures that interact with the tax system.

We also draft tax legislation, forecast tax revenues, and negotiate, interpret and maintain New Zealand's network of double tax agreements with other countries.

Part of the process for developing policy proposals and draft legislation is consulting with people who could be affected by the proposed changes.

This is usually done by posting a discussion document on our [website](#). Stakeholders provide their feedback by letter or email.

This is our first online forum. If this forum goes well, we may use online forums again in the future to make it easier for people to provide input on tax and social policy in New Zealand.

You can also submit comments to us directly. Please see [Your feedback](#) for information on how to do this.

This forum uses Vanilla software forum which is used under the GNU GENERAL PUBLIC LICENSE












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## All Discussions




## Employees

-  [Repayment threshold – the income level at which you must start paying back your loan](#) (31 comments)
-  [Payments deducted \(if over the threshold\)](#) (4 comments)
-  [Borrowers currently below annual repayment threshold](#) (9 comments)
-  [PAYE employer error](#) (6 comments)
-  [Year-end process](#) (5 comments)
-  [Overpaid at year-end](#) (5 comments)
-  [Underpaid at year-end](#) (3 comments)
-  [Financial hardship](#) (3 comments)
-  [Fluctuating income](#) (2 comments)
-  [Interest and dividend income](#) (2 comments)
-  [Any other changes?](#) (9 comments)




## Self-employed

-  [You miss an interim payment](#) (2 comments)
-  [Underpaid at year-end](#) (1 comment)
-  [Financial hardship](#) (1 comment)
-  [Any other changes?](#) (2 comments)



## Overseas borrowers

-  [Do not pay in full](#) (20 comments)
-  [Communication with Inland Revenue](#) (11 comments)
-  [Any other changes?](#) (10 comments)

## Online services

-  [Communication with Inland Revenue](#) (19 comments)
-  [Who manages my loan?](#) (3 comments)
-  [Any other changes?](#) (3 comments)

## Forum

-  [What do you think about our initial conclusions from the comments posted so far?](#) (3 comments)
-  [What do you think about the idea of using a forum to consult on proposed changes?](#) (2 comments)

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## Contact us

If you have any queries around the operation of the forum, please check the [FAQs](#). If you need further information, you can email us at: [forumadmin@ird.govt.nz](mailto:forumadmin@ird.govt.nz)

You can submit your comments directly to us if you'd rather not post them online. See [Your feedback](#)

Postal address:

Policy Advice Division of Inland Revenue  
Inland Revenue  
PO Box 2198  
Wellington  
New Zealand

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## Conditions of website use

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For further information please [contact us](#).

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- agree that Inland Revenue is not responsible for any loss, damage, liability, costs or expense you may incur for creating or maintaining the hypertext link.

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### Security and damage

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We provide security to protect our website and online services. You are responsible for ensuring that your own computer is secure, including taking all reasonable steps to:

- prevent someone misusing or getting unauthorised access to your computer system or to our online services, and
- ensure your computer system and data are free of computer viruses and all other forms of corruption.

### Disclaimers

The information provided on this website is for general guidance only. It should not be used as a substitute for legal, business, accounting, tax or other

professional advice.

This website is intended to provide general information to the public, and all reasonable measures have been taken to ensure its quality and accuracy. However, Inland Revenue:

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  - that any defects in the website will be corrected
  - that your access to the website will be reliable, uninterrupted or error-free (including access to any linked websites)
  - for any delays, inaccuracies, failures, errors, omissions, interruptions, deletions, defects, computer viruses or communication line failures, or
  - for any theft, destruction, damage or unauthorised access to your computer system or network.

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- while all reasonable efforts have been taken to ensure the security of the information while in transit to us, we do not guarantee this, and we are not liable for any damage arising from interception, loss, theft, other action or difficulty
- all data or information transmitted to us through your use of online services becomes the property of Inland Revenue and may be relied upon by us in our dealings with you
- Inland Revenue will not be responsible in any manner for direct, indirect, special or consequential loss caused in any way as a result of the use of online services, or this website.

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#### Governing law

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### Access from outside New Zealand

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## Privacy policy

This privacy policy relates to this website, which is administered by the Policy Advice Division of Inland Revenue. Inland Revenue, as a government department, is subject to the Privacy Act 1993.

We are committed to ensuring that your privacy is protected. This privacy policy tells you:

- that you can browse this website without providing personal information
- what personal information we collect
- your rights in relation to the personal information we hold
- who can access your personal information
- how long we will keep your personal information, and
- how you can contact us if you have queries or concerns about our privacy policy.

You can browse this website without providing personal information

You can access and browse this site without disclosing your personal information, for example:

- We do not automatically record personal information.
- We do not link information that is recorded automatically with personal information about specific individuals.

We automatically record some non-personal information

We do not attempt to identify users or their browsing activities unless they choose to give us personal information. If you visit this website to read or download information, we automatically record some non-personal information in a log file, for example:

- the type of browser you use
- the type of operating system you use
- the screen resolution of your PC
- the date and time you access our site
- the pages you have accessed and the documents downloaded
- the internet address from which you accessed our site
- the search terms you used to find content on our website, and
- the last site you visited before you accessed any Inland Revenue website.

Use of cookies

Inland Revenue's websites currently use Google Analytics to help analyse how customers use our sites. This analytical tool uses 'cookies', which are text files placed on your computer, to collect standard internet log information and visitor behaviour information in an anonymous form. The information generated by the cookie about your use of the website (including your computer's internet address or IP address) is transmitted to and stored by Google outside of New Zealand. The tracking data is stored in a database managed by Google. The tracking data is then used by Google to compile statistical reports on website activity for Inland Revenue to evaluate site use. This allows us to

- discover what information is most and least used
- determine technical design specifications, and
- help make our sites more useful to visitors.

We will not use the web analytics tool to track or to collect any personally identifiable information of visitors to our sites, such as user IDs and passwords. We will not associate any data gathered from our sites with any personally identifying information from any source as part of our use of the Google Analytics

tool. Inland Revenue will not link, or seek to link, an IP address with the identity of a computer user.

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The Terrace  
Wellington 6143

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## Proposed changes for employees

If you are an employee, the changes which could apply to you are set out in the following table. Take a look and tell us what you think by taking part in the various discussions below.

Topic	Current system	Proposed changes	More
Repayment threshold—the income level at which you must start paying back your loan	Based on yearly income – current repayment threshold is \$19,084.	Based on pay-period income (weekly, fortnightly, four weekly or monthly).	 <a href="#">Starting repayments</a>  <a href="#">Working part-time and studying</a>  <a href="#">Information</a>  <a href="#">Discussion</a>
Payments deducted (if over repayment threshold)	10% of pay-period income above the repayment threshold deducted through PAYE.	No change.	 <a href="#">Starting repayments</a>  <a href="#">Discussion</a>
Borrowers currently below repayment threshold	Borrowers generally don't make repayments if they only earn income for part of the year and it is under the annual repayment threshold.	If you earn more than the weekly repayment threshold (\$367 per week) student loan repayments will be deducted from your pay.	 <a href="#">Working during holidays</a>  <a href="#">Decisions to work and study</a>  <a href="#">Income from a second job</a>  <a href="#">Information</a>  <a href="#">Discussion</a>
PAYE employer error	May be identified by employer or squared-up at year's end.	Less likely to occur given greater use of software, or may be identified sooner by Inland Revenue, by your employer, or by you monitoring your account online.	 <a href="#">Repayment error</a>  <a href="#">Information</a>  <a href="#">Discussion</a>
Year-end process	Year-end square-up of borrowers' obligations through personal tax summary process.	No year-end process. Ongoing monitoring and adjustments to minimise and correct errors throughout the year.	 <a href="#">Starting loan repayments</a>  <a href="#">Discussion</a>
Overpaid at year-end	You can apply for a refund or the excess is applied to your loan balance. (Currently 80% of borrowers who overpay have the overpayment applied to their loan.)	No square-up. Any discrepancy would likely be minor and would be applied to your student loan balance throughout the year.	 <a href="#">Repayment error</a>  <a href="#">Information</a>  <a href="#">Discussion</a>
Underpaid at year-	Shortfall due on 7 February of the	No square-up so no obligation to pay	 <a href="#">Major underpayment</a>












end	year following (or 7 April if you have a tax agent). Penalties are imposed if you don't pay on time.	shortfall, no risk of late payment penalties.	 <b>Information</b>  <b>Discussion</b>
Financial hardship	Borrowers can apply to Inland Revenue to reduce their current repayment levels. The amount not currently payable is returned to the loan balance.	No change, but you could apply online.	 <b>Discussion</b>
Fluctuating income	Any under or overpayment is squared up at year's end.	No square up.	 <b>Starting loan repayments</b>  <b>Discussion</b>
Interest and dividend income	Squared up at year end. If the amount after any repayment deductions is over \$1000, interim instalments are due in the following year.	If you earn, say \$1,500 or less of interest or dividend income, you won't need to make extra repayments. If you earn over that, Inland Revenue will send you a student loan assessment.	 <b>Interest and dividends</b>  <b>Information</b>  <b>Discussion</b>

 [View the complete set of examples](#)

 [View the complete set of related information](#)

Discussions: proposed changes for employees

How would the following changes affect you? Would they make managing your loan easier or create problems?

-  [The advantages and disadvantages of a pay-period based repayment threshold](#)
-  [Doing away with the year-end square-up to free-up resources for other things like online services](#)
-  [Relying on the PAYE system of deductions to get things broadly right](#)
-  [Borrowers working in their holidays or part-time making payments towards their loans](#)
-  [Ignoring minor overpayments and underpayments and making corrections for future only](#)
-  [Overpayments applied to the loan except in the case of a major overpayment resulting from an employer error, when a refund could be requested](#)
-  [Recovering major underpayments through increased deductions each pay-period, rather than through a lump sum](#)
-  [Getting in touch with Inland Revenue through electronic channels such as email and text message](#)
-  [Doing away with the year-end square-up](#)
-  [Threshold for dividend and interest income.](#)
-  [Any other changes you think we should consider](#)

To find out more:

Proposed changes for

- [borrowers who are self-employed or have other forms of income](#)
- [borrowers based overseas](#)
- [online services](#)












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## Proposed changes for borrowers who are self-employed or have other forms of income

If you are a self-employed borrower or have other forms of income, here are the changes that could apply to you. Take a look and tell us what you think by taking part in the various discussions below.

Topic	Current system	Proposed changes	More
Repayment threshold	Based on yearly income – current repayment threshold is \$19,084.	No change.	
Payments (if threshold met)	10% of yearly income above the repayment threshold due in three equal (interim) instalments on 28 August, 15 January and 7 May based on borrowers' liabilities for the previous tax year.	No change.	
You miss an interim payment	Late payment penalties apply only from the third instalment date which is 7 May.	Interest would apply from each of the instalment due dates on any underpayment for that date. The interest rate would be the same as that for overseas-based borrowers, which is 6.8% currently.	 <a href="#">Missing a payment</a>  <a href="#">Information</a>  <a href="#">Discussion</a>
Year-end	You are required to file a return at the end of the year.	No change. Borrowers who are self-employed or have other forms of income would still have to file a return at the end of the income year.	
Overpaid at year-end	You can apply for a refund or the excess is applied to your loan balance.	No change	 <a href="#">Overpayments</a>  <a href="#">Information</a>
Underpaid at year-end	Shortfall due on 7 February of the year following (or 7 April if you have a tax agent) and penalties are imposed if you don't pay on time.	The debt would be spread over the following year's instalments. Inland Revenue would have power to force payment if significant deferral occurs.	 <a href="#">Interim instalments</a>  <a href="#">Information</a>  <a href="#">Discussion</a>
Financial hardship	Borrowers can apply to Inland Revenue to reduce their current repayment	No change, but application can be made online.	 <a href="#">Discussion</a>

levels. The amount not currently payable is returned to the loan balance.		
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 [View the complete set of examples](#)

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Discussion: proposed changes for borrowers who are self-employed or have other forms of income

How would the following changes affect you? Would they make managing your loan account easier or create problems?

 [Interest charges applying from the first instalment date.](#)

 [Repaying an underpayment through instalments rather than a lump sum.](#)

 [Financial hardship changes](#)

 [Any other changes you think we should consider.](#)

To find out more:

Proposed changes for




- [employees](#)
- [borrowers based overseas](#)
- [online services](#)

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## Proposed changes for borrowers based overseas

If you are a borrower based overseas, the changes which could apply to you are set out in the following table. Take a look and tell us what you think by taking part in the various discussions below.


Topic	Current system	Proposed changes	More
Repayment obligations assessed for the year	Overseas-based borrowers, who don't qualify for a repayment holiday, have to pay between \$1,000 and \$3,000 each year, depending on their loan balance.	No change	
Interest	Interest applies to the loan balances of overseas-based borrowers (currently 6.8%).	No change	
Do not pay in full	If you fail to meet your obligation in full by 31 March, penalties are imposed at the rate of 1.5% per month which works out to 19.56% a year.	If you miss a payment, the missed payment will be subject to a higher rate of interest (than the current 6.8%) for non-payment. But the penalty, based on interest, is likely to be less.	 <b>Non payment while overseas</b>  <b>Information</b>  <b>Discussion</b>
Year-end assessment	No requirements	No change	
Communication with Inland Revenue	Mainly by mail and phone. Communication is often delayed as Inland Revenue does not always have current contact details for overseas-based borrowers. As well, it can be harder for overseas-based borrowers to phone Inland Revenue, because of time differences and the cost of making a call to New Zealand.	Move to a predominantly web-based service. Overseas-based borrowers will be able to check their details online. Making changes, such as updating contact information, will be quicker and easier. See <a href="#">online services</a> for more information	 <b>Managing your loan</b>  <b>Information</b>  <b>Discussion</b>

 [View the complete set of examples](#)

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Discussion: proposed changes for borrowers based overseas

How would the following changes affect you? Would they make managing your loan account easier or create problems?

 **Applying a higher interest rate being applied to non-payment of student loan repayments by overseas-based borrowers, instead of the current system of late payment penalties.**



**Moving from a letter and phone based service to an enhanced online based service**



**Any other changes you think we should consider**

To find out more:

Proposed changes for

- [employees](#)
- [borrowers who are self-employed or have other forms of income](#)
- [online services](#)

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## Proposed changes to online services

Inland Revenue wants to enhance and improve online services by using the web more. Some of the changes being considered are set out in the following table. Take a look and tell us what you think by taking part in the various discussions below.

Topic	Current system	Proposed changes	More
Communication with Inland Revenue	Mainly by mail and phone. Communication is often delayed as Inland Revenue does not always have current contact details for borrowers.	Mainly online. Contact by phone would be the exception and limited to complex cases that could not be handled through online services. Most correspondence with Inland Revenue would be via secure email. Borrowers could update their contact information quickly and easily online.	 <a href="#">Information</a>  <a href="#">Discussion</a>
Who manages my loan?	In principle you do, but given the reliance on letters and phone calls, this can be difficult and inconvenient.	You do, quickly and easily through better, user-friendly interactive online services to monitor and manage your account details and repayments. You would have the ability to view loan account information, update personal details, and establish and make voluntary payments.	 <a href="#">Discussion</a>
Student loan balance	Currently, some borrowers have to contact both StudyLink and Inland Revenue and add the two loan balances together to determine their actual loan balance.	You would view your total current loan balance online at any time.	 <a href="#">Discussion</a>

 [View the complete set of related information](#)

Discussion: proposed changes to online services

How would the following changes affect you? Would they make managing your loan account easier or create problems?

 [Corresponding with Inland Revenue using electronic channels such as email or text message](#)

 [What services would you like to have available online to help you manage your loan account?](#)

 [Any other changes you think we should consider](#)

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Proposed changes for

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## Student loans consultation forum

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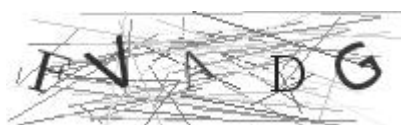
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## Consultation process and timeline

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If you prefer to write to us, here's our address:

Student loan proposals  
C/- Deputy Commissioner, Policy  
Policy Advice Division  
Inland Revenue Department  
PO Box 2198  
Wellington

Or email [policy.webmaster@ird.govt.nz](mailto:policy.webmaster@ird.govt.nz) with "Student loan proposals" in the subject line.

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## Employees



Repayment threshold – the income level at which you must start paying back your loan

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**What do you consider to be the advantages and disadvantages of a pay-period threshold? Keep in mind that this proposal could mean that students who work in their holidays, or borrowers who work for part of the year only, might have to make repayments.**

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**jasper**

Jul 24th 2009

I disagree with a secondary income being diverted completely to student loans payment should the first income be over the threshold. This second income is often subjected to higher tax rates. Should the employee also be a part of a small business, there would also be GST implications.

Charge a higher tax rate or student loan payment for a second job, but not both.

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## Employees


 Payments deducted (if over the threshold)

1

**What do you think about relying on the PAYE system of pay-period deductions to get things broadly right? This would mean that the deductions that come out of your pay each time you are paid would be full and final.**

[Go back to proposals](#)


 stu

Jun 25th 2009

Fine, once a student has left study. During studies, students should be encouraged to earn as much as they can during the holiday period in order to support themselves during the academic year.


 mjc

Jun 26th 2009

Normal tax deducted from your pay packet is never full and final. There is a process to correct any imbalances/errors due to changes in circumstances at the end of the year. I think it is unfair not to have this for your student loan. Maybe this is okay for those that at the end of the year have earned over a threshold, but for those on limited incomes anyhow this is disadvantages them even further.


 bartybird

Jul 14th 2009

Perhaps there is room for this approach, in combination with an exemption for those on an annual income less than the existing repayment threshold. If you know you are going to be under the threshold at year end, then you don't pay regardless of income in the shorter pay intervals. If you know you are going to be over the threshold, you are automatically subject to pay interval deductions. If you are unsure if you will be over or under, you can opt in to pay interval deductions.

I agree with mjc, however, that reliance on the employer and PAYE to get it right is not realistic, and there are likely to be corrections etc from time to time.


 waiholawoman

Jul 16th 2009

I agree with bartybird. If you know you won't be earning over the threshold for the year, then you probably can't afford to make PAYE pay-period deductions. Keep it the way it is, with the option to opt-in to repayments.

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## Employees



## Borrowers currently below annual repayment threshold

1

**What do you think about the proposal that students who work in their holidays, or borrowers who work for part of the year might have to make repayments?**
[Go back to proposals](#)


PhilipA

Jun 25th 2009

While this change might simplify administration of the student loan process, it will have a negative impact on students.

This is effectively a 10c raise in the effective marginal tax rate faced by people who are some of the lowest earners in society. The proposed weekly threshold is \$367 before tax. If a student works for 40 hours a week at the minimum wage of \$12.50 they will make \$500. This will mean they will have to repay approximately \$14 per week towards their student loan. While \$14 may not sound like much money, it would make a noticeable difference for those who are struggling to get by.

Students should be encouraged to seek work and fund their own studies rather than relying on government provided living costs and allowances. The proposed changes provide a disincentive to work. The changes also may provide students with an incentive to game the system by taking under the table cash jobs (also evading tax), have employers spread their pay over weeks they did not work, or to pay their parents/spouses for work performed by the students.

The changes are inequitable in that someone who works 20 hours a week for twice as long is better off than someone who works 40 hours a week. There is no reasonable basis for discriminating between people who prefer to focus on their studies and earn money in a concentrated period, such as the holidays, and those who prefer to earn money throughout the year.

A better solution would be to shift to a weekly PAYE threshold for all borrowers, but retaining the current yearly threshold for people who are still studying. In Background section 2.1 of the discussion document, it is stated that most borrowers have finished their study. It would only be a minority who would need a special exemption as they are still studying. Obviously there would be difficulties with working out who counts as "still studying", but I'm sure it would be possible.



kris

Jun 25th 2009

I agree with all the points PhilipA made.

IRD does not discriminate (with regard to tax) between people who earn \$20k in 3 months or \$20k over the entire year (although there may be a square up at the end of the year), so why should it be any different with regard to student loan repayments?

No group of students are going to benefit from this, indeed, the worst off (those who finance their entire year from 3 months of holiday work) could potentially be \$1000 worse off, if they had a particularly well paying holiday job, or worked excessive hours.

Of particular issue is that over the holiday period, students may opt to work instead of taking their holiday entitlement, and instead have this paid as a lump sum at the end of employment. Some students will also have scholarships with their employers, which most likely get added to their last PAYE at the end of the 3 months employment. Both of these already get

taxed, and now students will see even less of it, as their last weeks' pay could be hundreds (or thousands with a scholarship) more than their normal weekly pay (and well over the pitiful weekly threshold).

 **habbott13**

Jul 6th 2009

I agree with both of the above comments. Students already struggle to find adequate finances to support themselves during the academic year, and by forcing them to make compulsory payments from their weekly earnings over the summer, it will become even more difficult. It will be also be difficult for students who have to also work during the year, whether it be demonstrating or as a residential advisor (RA) at the halls. They will be put under more pressure as they will need to work more hours to earn the same amount and it could jeopardise their academic studies.

 **BANG**

Jul 6th 2009

I actually think this is a good idea. Student debt has been getting way out of hand for far too long because it is so easy to get a loan and so easy to avoid paying it back. I have my reservations about this Government but I agree that something needs to be done about student debt and I see this as one logical step.

Getting into the habit of paying off a loan as you go along is a good idea - you don't get a 100% loan on a car, drive the car into the ground over 9 years and then start making repayments, nor do you get a mortgage and be exempt from paying it off while you live in the house, so why should it be different with education?

I lived on \$170 a week for years while I was studying (\$150 loan and \$20 from summer savings), I saved most of what I earned over summer (half-time work as I was volunteering 0.5 FTE) and after living similarly and saving my earnings I am in a position at age 24 to write off my loan of \$40,000. I'm an exception not the rule but seriously, if I managed to do that then there are MANY other students out there who can cut back on their spending and use it to get rid of their loan.

 **damonharrison07**

Jul 8th 2009

I can see the the potential upsides of the proposal (i.e. Getting out of debt WITH THE IRD quicker) but I don't see how it will help in other aspects of student's lives. I agree completely with the above posters.

I currently work two part time jobs and study full time and don't even have the money for text books after paying for essentials (petrol, food, part of bills etc), not to mention being limited in my income to \$180 due to my student allowance. (I would need to work an extra 11 hours a week to actually make more money than I do now.)

The limit should either be increased or this should be an option for people with lower expenses. Another thing to consider would be students who are becoming parents, their incomes will certainly need to be as high as they possibly can without more penalties.

 **Lys**

Jul 8th 2009

The most obvious problem with this proposal is that many students cram their entire years income into a few short weeks earning during the holidays.

Without the luxury of being able to live at home with the parents while studying, it's really difficult to balance full time study with working enough during the week to pay for general living expenses - especially if you're not eligible for student allowance.

Many students attempt to work (and save) as much as possible over breaks from study (such as over summer) in order to survive the busy study periods that restrict their ability to work. They may earn what seems a significant weekly amount during these times, but very little annually.

It seems incredibly unfair to make these people make greater repayments when in actual fact they are only scraping through as it is...

 **Tegan**

Jul 14th 2009

This is so unfair on students that spend their entire christmas holidays saving for the next year of study.

People who are trying to keep their student loans to a minimum and save for books and accommodation during the holidays should not be penalised.

I find this very unfair that the government is trying to make us pay back our student loans while we are still in the middle of our studies. This just put more pressure on the students during the year. Students should be left alone until they are working full time permanently not for a short number of weeks.

People work during the holidays to keep themselves busy. This is going to restrict how much work they can do a week this may also put pressure on the work places students are at as during this time business is up and they need more staff.

 **bartybird**

Jul 14th 2009

Terrible idea. Life is hard enough as a student. There is no reason to require repayment ahead of gaining satisfactory post-study employment. After all, these students are likely to make a considerable contribution to the economy upon completion of study, and will be in a position to make regular repayments on the loan at that time. Why try and squeeze them, when it's a matter of waiting 3 or 4 years.

 **waiholawoman**

Jul 16th 2009

Nope - bad idea. BANG says it is a good idea, because you learn responsibility, but it's not like anyone has a choice to get a student loan. If you didn't have to get it, you wouldn't! You aren't teaching anyone good money habits by coming down hard on them, just placing more obstacles in the way of people who are trying to get an education. I'm returning to study after an 8-year break and all this is adding to the stresses of going from being a full wage earner to a poor student. I don't expect a huge handout, but I do expect to be able to afford food, power, and shelter while I study. Having to pay off my loan if I work in the breaks just adds to the stress. Let's pay it off when we are working, not studying.

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## Employees

 PAYE employer error

1

**What do you think about the proposal of ignoring minor overpayments and underpayments and making corrections for the future only? In effect, this would mean that Inland Revenue won't worry too much about small errors, and won't wait until year end to make corrections.**

[Go back to proposals](#)

 **jacs15**

Jun 25th 2009

I think it is a good plan, but what happens with larger errors? My partner was stung with a large student loan and tax bill due to his employer completely screwing it up (and this is an international company too).

We also had conflicting info as to whether we had to pay or not from the IRD call centre.

Having this clear on what is required and having some leeway when the individual is not at fault would make sense.

 **smcn001**

Jul 7th 2009

I think this is a good idea too. However I also agree the larger error situation is an issue. My previous employer overpaid by several hundreds of dollars despite my request to cease payment probably 3yrs ago now. I have had to request a refund from the IRD, and despite sending in 3x completed rapid refund forms over that time ... nothing! A refund for overpayment at the end of the loan should be automatic.

 **martinetherington**

Jul 9th 2009

IR only receives information from employers once a month. This information includes the total earnings for the month, and the total student loan deductions for the month. E.g.:

1. An employee paid weekly earns the following gross amounts: \$500, \$500, \$100 and \$200. Total \$1300. Student loan deductions are \$13.30, \$13.30, \$0.00 and \$0.00. Total \$26.60. These deductions are correct but as far as IR goes it appears to be an overpayment for the month since the total gross is less than the monthly threshold of \$1590.33.
2. An employee paid weekly earns the following gross amounts: \$360, \$360, \$360, \$360 and \$360. Total \$1800. Student loan deductions are nil for each of the five weekly pays. These deductions are correct but as far as IR goes it appears to be an underpayment of \$20.97 for the month since the total gross is more than the monthly threshold of \$1590.33.
3. Worst case scenario: An employee paid fortnightly earns the following gross amounts: \$733.98, \$733.98 and \$733.98. Total \$2201.94. Student loan deductions are nil for the three pays. These deductions are correct but as far as IR goes it appears to be an underpayment of \$61.16 for the month since the total gross is more than the monthly threshold of \$1590.33.

Would these be detected as PAYE errors or just as a minor over/underpayments?

In practice I expect there to be frequent apparent over or under payments which have in fact been deducted correctly on a pay-period basis. Therefore only major discrepancies need to be checked as possible PAYE errors.

Where a PAYE error is detected making corrections for future payments only is a good idea.

 **bartybird**

Jul 14th 2009

It appears that this will do away with the possibility of refund, and instead, overpayments will be used to reduce student loan balance regardless. This takes away choice for the taxpayer and I do not support that approach. While I appreciate that the government is trying to recover loans, I believe individuals need to retain control over their income and where it is directed.

 **waiholawoman**

Jul 16th 2009

This question is flawed as you haven't defined what 'major' and 'minor' are measured as. I agree with making corrections for future payments, instead of penalising someone for their employer's stuff-up. But I agree with bartybird that people should have control over their own money and where it goes. Overpayments over a certain amount, say \$100, should be able to be refunded if requested. \$100 seems small, but that's a power bill for the month, or groceries for a week.

 **krystalh**

Jul 21st 2009

Waving minor underpayments would be great, a year or so ago I was required to pay \$20 and so many cents .... took alot of effort to sort it out and checking it got paid. Would have been nice to just have written off as a requirement for that year. It wasn't really my fault either, just a minor error from when I first started my new job and they got it wrong slightly and never corrected it.


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## Employees


 Year-end process

1

**What do you think about doing away with the year-end square-up to free up resources for other things like better online services?**
[Go back to proposals](#)

[martinetherington](#)

Jul 8th 2009

Excellent.


[andrewwatson](#)

Jul 13th 2009

This should mean ex students will not receive unpleasant surprise letters asking for repayment money that they should have paid during the year. Very good.


[bartybird](#)

Jul 14th 2009

I don't support this idea if it is reliant upon the proposal to take out repayments based on shorter income intervals (weekly, fortnightly or monthly thresholds). As stated in the related discussion, this will only hit the already vulnerable, and during a recession it makes no sense to make life harder for those at the bottom of the income range.


[waiholawoman](#)

Jul 16th 2009

I agree with bartybird. If this is only because of the pay-period deductions, then no. I'm not sure what problem this is addressing. Once people leave study they either go overseas and have a payment holiday, or enter the NZ workforce and immediately start to pay off their loan. So there shouldn't be huge discrepancies in the amount you owe.


[krystalh](#)

Jul 21st 2009

I think that the year end square up process is essential! I use it to ensure that my employee is paying my deductions on my behalf etc., and to check track of how much I owe. I also use it as my once yearly check that IRD and writing off my interest for me, many times this does not happend automatically.

If the year end process was removed then I would have one more thing to worry about each year.


If you got "rid" of this process as standard, would people at least be able to request a year end summary e.g. like you do for tax. Also would people who have not met there repayment requirements still get a bill, or would it work like the tax summary e.g. if you don't enquire you do not have to pay.



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## Employees

 Overpaid at year-end

1

**What do you think about overpayments being applied to the balance of your loan? This would mean that your loan would be paid off quicker. You could request a refund in situations where an employer error leads to a major overpayment.**

[Go back to proposals](#)

 **bartybird**

Jul 14th 2009

Refund option should be retained. What may seem a minor amount of money to IRD may make a real difference to the recipient and the employee should retain control over that decision.

 **waiholawoman**

Jul 16th 2009

Again, it is hard to answer this question without a definition of 'major' or 'minor' overpayments. Even a small amount, like \$100, can make a huge difference to quality of life.

 **krystalh**

Jul 21st 2009

Any overpayment no matter how small should not automatically go onto the balance, unless someone has requested this to be a permanent option ... people's circumstances change from year to year ... last year I was okay with it being added on, this year I am not.

 **newlino5**

Jul 21st 2009

I don't know what classifies as a minor/major overpayment to most people but personally the \$1900 in overpayments I get refunded each year means a heck of a lot especially when my repayment obligations are set at around \$3,300 pa (thats almost 2/3rds over what I need to pay). If you want to take away the option of receiving the refund then the CORRECT amount needs to be taken out throughout the year.....

 **lidiaaiad**

Jul 22nd 2009

Refund option should be retained. Even if it is a minor amount, it may make a big difference to the recipient however, it will not change alot in the repayment period. The employee should have control over that decision of taking the refund or applying the overpaid amount towards their loan.

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## Employees



## Underpaid at year-end

1

**What do you think about the proposal that major underpayments are recovered through increasing deductions each pay period? Currently you have to wait until the end-of-year square-up and pay it back in a lump sum.**

[Go back to proposals](#)

**martinetherington**

Jul 9th 2009

This is a good idea. Currently when a special student loan deduction rate is issued it is a flat rate applied to all earnings, not just earnings over the annual threshold. Will this continue to be the case or will the special student loan deduction rate always be for earnings over the annual threshold, or could it be either? From a compliance point of view I'd prefer it to remain as a flat rate on all earnings for the pay period as it is now. This is the simpler option for those doing manual payrolls.

**Nia**

Jul 14th 2009

This would be good. I have been in that very situation where when I begun working I ended up underpaying my student loan payments. To my surprise I was penalised for it and large amounts were deducted from my pay for it.

**bartybird**


Jul 14th 2009

At present, there is the capability to make payment arrangements to clear year end underpayment amounts and those arrangements are within the control of the employee, made in consultation with IRD based on income level. Trying to manage this through PAYE is an extra burdern on the employer in terms of administration and reduces the employee's ability to manage their own income.

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## Employees

 Financial hardship

1

**Would you like to be able to get in touch with Inland Revenue through other electronic channels such as email or text message?**

[Go back to proposals](#)

**martinetherington**

Jul 8th 2009

Having the ability to email correspondence to IR is essential - much easier than mailing or faxing.

**bartybird**

Jul 14th 2009

I can't see a great uptake of text message options due to character limits and nature of information likely to be discussed. E-mail communication is a basic option that people would expect to have available.

**waiholawoman**

Jul 16th 2009

Anything online is great. Submitting information via email is annoying as you never know exactly what to write. What about an online form that is pre-populated from your account details? You would just need to plug in your amended income and hit 'submit' if applying for financial hardship, etc.

I like the fact you can pay IRD through the bill-pay section of the bank now - that is awesome.

No to texts, my phone is for fun and friends, not serious financial stuff.

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## Employees



## Fluctuating income

1

**What do you think about doing away with the year-end square-up to free up resources for other things like better online services? What services would you like to have available online to help you manage your loan account?**

[Go back to proposals](#)

**martinetherington**

Jul 8th 2009

Doing away with a year end square up is a great idea. In practice though, a year end review is still needed on all accounts to check to see if there have been any earnings that have not been subject to student loan repayments. E.g. self employed earnings, etc. This review is required to determine if any interim payments are required or if a special tax code for student loan repayments needs to be issued. Based on what is proposed the year end review would not result in a refund if too much had been paid, or in a terminal student loan payment.

**bartybird**

Jul 14th 2009

Having the ability to track the loan online, and calculate whether there is any discrepancy in deductions could happen without any need to go to pay interval thresholds.



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## Employees



## Interest and dividend income

1

**What do you think about there being a threshold for interest and dividend income? This would mean that if the interest and dividend income you earn is below a threshold, you won't have to make extra repayments. Do you think \$1,500 is a reasonable threshold?**

[Go back to proposals](#)

[martinetherington](#)

Jul 9th 2009

Another way of expressing this question is what is a 'major' underpayment? In other words ignore the actual interest and dividend income and just look at the overall underpayment. If the underpayment is over \$1000 then the interim repayment rules will kick in. If it is less than \$1000 but higher than the 'major' underpayment threshold then a special student loan deduction rate will be issued to claw back the underpayment..

[waiholawoman](#)

Jul 16th 2009

I'm not sure what this means? Does this mean that if you earn interest on your bank account, that won't be included in your end of year total as income? Is this only while you are studying, or forever until you pay off your loan?

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## Employees

 Any other changes?

1

**Are there any other changes that you as a wage or salary earner think we should consider? What services would you like to have available online to help you manage your account?**

[Go back to proposals](#)

 **ruralgirl**

Jun 24th 2009

Why is the voluntary payment bonus as explained on your main IRD website not listed here for policy consultation?

 **administrator**

Jun 24th 2009 edited

Thanks for your question. Parliament is currently considering a bill providing for the voluntary repayment bonus. The matter is best addressed through that process and that is why discussion is not included on this point in this forum.

 **rhwilburn**

Jun 25th 2009

I am a software engineer by trade. I would like to see your online internet banking style payment system interact with other banking systems as a webservice. For example: I login to my internet banking with my bank (e.g. ANZ) and I can see my account balances for various accounts like VISA, Savings, etc. I would like it to be possible to have my student loan account show on that internet banking like my VISA does. My visa is latent in terms of showing the balance which is fine. The advantage of this to me, is that I can 1) see my fairly current balance. 2) I can easily transfer money to my student loan.

I am aware that it would be up to banks to implement their side of things, however if you find one bank that will do it, all other banks will likely be inclined to do it.

Personally I think the fact that you are asking for public feedback on proposed changes is an excellent idea, and should be an ongoing thing, rather than a one off.

Without having the student loan seem like a loan, ie appearing on my internet banking, I am likely to just not worry about it and let the compulsory payments take care of it because its a hassle to make a small one off payment.

 **kris**

Jun 25th 2009

To be honest, the only change that should be made is like rhwilburn says, better internet services. I know there are already online services for IRD and Studylink, and some banks have online features which allow you to make tax payments easier, but the system as a whole is lacking (just look and the truckload of snail mail you get from studylink throughout the year).

Integrating everything into one place would be great, as well as showing IRD and student loan statuses on online banking websites (bonus points for allowing money to be transferred to them just as you would to your other suffixes).

The rest of the student loan policy does not need changing, as no students will actually benefit from it.

 **gcornes**

Jul 5th 2009

While many comments are from full time students, I am a full time worker, studying part time and the papers are \$550 per term plus text books. My student loan repayments would have my loan paid off in 2 months.

This is a real pain on several fronts and maybe a lower repayment percentage (3c in the dollar for example), as this will mean easier budgeting and manage house cash flow for my partner and I to maintain mortgage payments and spread my study loan payments over the year, as in the near future we will be going down to one income, but since there is no household income splitting at present, the current 10 cents in the dollar threshold is harder.

Ideally if there were a different repayment say 3c in the dollar for loans under \$2000 for example, as this will help single income families where either one partner or both are studying with one income stream.

This may be a pain to adminster, but will mean more full time workers who are studying part time can better themselves while the recession is on, allowing more qualified people when the recession finishes.

 **drtimwright**

Jul 8th 2009

I'd really like a note on the statement (or somewhere easily accessible) that does a prediction of when I'll pay the loan off. This could be based on the average of the past 3 payments or something equally suitable.

 **martinetherington**

Jul 9th 2009

Paragraph 3.7 of the discussion document is of concern.

Firstly it assumes someone with more than one job would have consistent earnings. These days this assumption is rarely true, especially amongst students and low income part-time workers. Therefore it would be difficult (or rare) for someone to accurately determine how much unused threshold they can apply to a second job.

Secondly to implement this I expect the IR330 will need to be changed with the addition of a box to enter a threshold to apply (if any) for the S SL tax code.

This will increase the compliance costs for employers. Employers who pay manually will need to remember to reduce the student loan repayment from the tax tables by 10% of the threshold each pay. This increases the room for errors.

It will also require a change to payroll software. There will need to be an additional field for the employer to enter the threshold to apply if the S SL tax code is used by an employee. Student loan repayment calculations will need to be modified, (i.e. made more complicated) to apply this threshold. This change would not be difficult, but it does add another bit of extra complexity.

The amounts involved will generally be small. The worst case scenario would be  $367/2 * 0.1 = \$18.35$  per week. I predict the average to be closer to \$5 per week. So in line with the goal of encouraging earlier repayment, keeping things simple and minimising compliance costs I'd recommend dropping this feature.

 **waiholawoman**

Jul 16th 2009

I don't see the relevance of getting two statements a year. I'd rather be able to log in and check progress myself, and get an end-of-year statement so I can see how much I've paid off.

I'd like a quicker process and less form-filling to change my personal details.

 **Simon**

Jul 21st 2009

I would be interested to know if IRD have considered a progressive repayment rate for student loans. I.e. the repayment percentage could increase at different levels of income.

For example:  
Income Marginal repayment rate

\$0-\$19,084 0%  
\$19,085-\$30,000 5%  
\$30,001-\$50,000 10%  
\$50,001-\$70,000 15%  
\$70,001- 20%

While this could increase the risk of students going overseas, it could also have a positive impact on repayment rates, and also make things easier for those on lower incomes. Higher admin costs too though, perhaps could be more integrated with the rest of the tax system (including matching the repayment rate thresholds with the income tax thresholds)?

An alternative would be to increase the repayment rate depending on the size of the loan. One could argue (although it would need to be confirmed by the actual statistics) that in theory the higher the loan size the higher the income that person would be earning. Doing it this way would also help out people in gcornes' position.

I also strongly agree with rhwilburn's suggestion on incorporating student loans with private banking systems, though there might be system integration and privacy issues (i.e. banks knowing how big people's student loans are) that could be challenging.

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## Self-employed



## You miss an interim payment

1

**What do you think about interest being charged from the first instalment date? Keep in mind that interest would only be charged if you are late with a repayment.**

[Go back to proposals](#)

**robert1**

Jul 22nd 2009

It will be harder to make payments to the principal with interest applied from the start, you will find debt increases with longer whole debt repayment times. We should be supporting people in small businesses which are the life blood of the economy and the answer to the recession. I think it should stay the way it is so that people are only penalised if they don't pay the whole amount owing by the due date of the last installment.

**jasper**


Jul 24th 2009

Small business owners are obliged to keep up with GST payments. There should be clear separation in dates to avoid hardship should the two fall due simultaneously.

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## Self-employed

 [Underpaid at year-end](#)

1

**What do you think about repaying an underpayment at year-end by increasing the following year's interim instalments, instead of one lump sum at year-end?**

[Go back to proposals](#)

 [robert1](#)

Jul 22nd 2009

That sounds sensible

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## Self-employed

### Financial hardship

1

**Would you like to be able to get in touch with Inland Revenue through other electronic channels such as email or text message?**

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**robert1**

Jul 22nd 2009

Email yes

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## Self-employed

 Any other changes?

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**Are there any other changes that you, as a self employed borrower, think we should consider? What services would you like to have available online to help you manage your loan account?**

[Go back to proposals](#)

**genegem**

Jul 15th 2009

Repayments should be purely voluntary for self employed with net earnings below \$10K pa.

**robert1**

Jul 22nd 2009


If a student has a business and is struggling to make payments forcing them to pay will not help him pay the debt in the big picture. In business you need a cashflow to make a profit, By taking money he has to live on and do business with you have taken away his capacity to make money and therefore his capacity to pay money's owing.  
I suggest a higher income threshold for students in business or a time gap after study before they have to start repayments.



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## Overseas borrowers

 Do not pay in full

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**What do you think about replacing the penalty for late loan payments - which is currently equivalent to 19.56% per annum - with a significantly lower interest rate? The new rate would be somewhere between the 6.8% rate that overseas borrowers currently face and the penalty of 19.56%.**

**[Revised question]**

[Go back to proposals](#)

 **Nicholas**

Jul 8th 2009

I live in New Zealand and in four years will be SL free!

Of the ten or so really close friends i made at University eight have chosen to make overseas locations their permanent homes. About 5 of them still have student loans and have no intention of paying them back. For a number of them student loans have been a contributing factor in their decision to live overseas (or kept them there long enough to start families etc to ensure their detachment from NZ). Generally I think that the student loan policy (regarding overseas debtors) is short sighted given the much larger amount of money people will contribute in taxation over a three or four year period. Anything to reduce the burden on these people (which I see this measure as a step towards) is a good idea.

In seeing other comments, it occurred to me that IRD could open bank accounts in the most common overseas destinations to help borrowers avoid extra bank transaction and conversion charges by providing a service that transfers money to NZ with a much larger economy of scale. (just a thought)

 **Nicholas**

Jul 8th 2009

It is a step in the right direction

 **catgregg1**

Jul 9th 2009

Why not let overseas borrowers be able to transfer their loans to the Australian Taxation Office?

That way it would be so much easier for us to pay off our loan without having to go through lots of steps to pay the IRD. My student loan is the size of a large deposit for a house thanks to the living cost allowance and whatever money I would send over wouldn't be enough to cover the interest.

Putting a large interest rate on the loan or any sort of penalty would deter me from saving money to send over. And I have a partner who also has to pay off his too so the repayment applies to both of us. We really can't afford to save up \$4000 a year (will be more cos of fees and exchange rate) to pay off our loan.

Scrap the interest altogether or let us transfer it here!

 **martinetherington**

Jul 9th 2009

I think it is important for New Zealand that graduates get work experience overseas and therefore should be encouraged to do so. There should be as little distinction as possible between those working overseas and those working in New Zealand. We also need to make sure there are no impediments to them returning. Interest should only be charged on the expected repayments that have not been made (i.e. the repayments of between \$1000 & \$3000

based on the loan balance), in a similar way to the self employed interim repayments. I think it is better that the loans do get repaid than get written off. It would also simplify the administration of the student loan system.

Given our close relations with Australia, the idea of being able to transfer loan balances between the two countries makes sense. Then New Zealanders permanently moving to Australia could have their student loans being repaid through deductions from their Australian wages.

Alternatively setting up bank accounts in the major currencies and/or countries where there a lot of graduates to reduce the cost of making regular payments also makes sense.

 **tessa**

Jul 14th 2009

I agree with most that incentives are more effective than penalties, and that the easier and cheaper it is the more likely it is to happen, but I also think that student loans are not high on the list of 'things I need to prioritise' while overseas. At least for the first few years living overseas, the focus is on establishing yourself, travelling and having as much fun as possible - it's a virtuous few that put money towards their loans. It's only once you get over the initial excitement of that adventure that you start thinking about your loan, and by then it's so massive from the interest and penalties that you get too scared about the size of the debt to come back to NZ. And then you stay away for so long you don't want to come back ever. I actually don't see why loan borrowers overseas can't also have interest-free loans, with incentives to pay them back quickly. But that's just crazy talk.

 **1upsetstudent**

Jul 16th 2009

I am a student who for 7 years did the right thing and made payments on my loan. I had contacted IRD and let them know I was going to be going out of the country and set up payments before I left. I kept in touch with them and gave them any change of address. I filled out all their forms. I paid child support through them for my child who was still in NZ and under 16. Funny thing was that last year they changed their minds about all sorts of things with my account. Then they added extra interest back to when I first left, they ignored the fact that one loan had been paid off early and added the extra interest for the whole term! Now they say that I am in arrears by hundreds of dollars because of extra interest. I was one of the good ones. Now I have no job and may no intention of paying any more!!! Their new measures do not go far enough and do not help!!!! They still do not get it right for us and it costs us the ability to go back to NZ and be productive tax payers in our home country. BTW yes I still owned property, had a NZ bank account and paid NZ taxes and child support while overseas but..... Now I'm not!!!

 **waiholawoman**

Jul 16th 2009

Anything that means less penalties for people overseas gets thumbs up from me.

 **sbvh**

Jul 17th 2009

The real question is whether the (higher) interest is compounded in the loan. The loan will grow exponentially and people will simply not want to return to NZ.

 **petalpusher**

Jul 21st 2009

I agree with the comments about making it easier to pay. For the last few years I had been sending through Barclays bank here in the UK but the fees they charge and the rates they give are far from great. I have just recently come across this company that pays direct to student loans [www.orbitremit.com](http://www.orbitremit.com). The IRD should make us aware that alternatives such as this exist as a method other than using the banks.

I am completely in support of moving to an online system. Living in the UK makes it hard to find a good time to call New Zealand and I cant believe that in this day and age we are still subjected to a phone and mail system to manage our details! I could believe it in the UK where systems are antiquated but not in NZ where we are usually at the front of the pack in such areas.

 **jasper**

Jul 24th 2009

Compounding interest is an issue with student loans. Existing interest rates have been as high as 9.2% (as far as I recall), and an additional penalty rate beyond this for missed payments will act to lengthen the distance to the goal posts. I would prefer to see a capped penalty rate for that tax year at less than 10%. Penalties gained during the year will be added to the compounded loan value (along with the regular interest rate). I believe that this is fairer to encourage borrowers not to give up, and to account for life events which preclude payment in a given year.

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## Overseas borrowers



## Communication with Inland Revenue

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**Currently overseas borrowers have to call Inland Revenue which can be costly and also difficult given time differences. Also, it is hard for Inland Revenue to maintain the current address of many overseas borrowers. What do you think about moving from a letter and phone based service to an online based service?**

[Go back to proposals](#)

 **jasper**

Jul 24th 2009

I am an overseas borrower and have used the current system for a number of years.

Comments

- Change the address and contact fields to reflect the requirements for postal codes in countries other than New Zealand.

- Provide statements as PDF's to be available to replace correspondence so that they may be provided to accountants etc in other countries.

- Consider setting up a local country account for loan payments and provide the \*market rate\* (or \*very close to\*) for exchange when calculating exchange rate to \$NZD.

Rather than credit card payments (and the 2.5% margin charged by IRD), this would allow for lowered government cost for payments, and direct access for anyone with a bank account.

This would also preclude the money lost to intermediary service costs by borrowers and maximise payment made to the actual loan.

- Consider aligning the payment year and set payment dates with local country taxation year to allow for less stress/easier accounting for persons residing in a single country.

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## Overseas borrowers

 Any other changes?

1

**Are there any other changes that you, as an overseas-based borrower, think we should consider?**

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 [tamatea](#)

Jun 25th 2009

Interest charges for overseas borrowers should be CANCELLED! I am paying back my loan under the amnesty scheme and meeting my obligations, but due to interest charges I am not making any impact on the loan capital. I hope to return to live in NZ one day, but this idea of charging overseas based borrowers interest means I will end up with an ever increasing loan which makes this return more and more difficult.

As one of the 'guinea pig' generation I was charged interest on my loan while studying and my loan has increased exponentially over the years. Now that the goalposts have moved, borrowers from my generation who have moved overseas to try and pay off their loan are seeing no benefit at all. An unfair and unjust system in summary. Stop interest charges and let people start paying their capital instead of being marginalised and exiled.

 [jacs15](#)

Jun 25th 2009

I think there should be a rethink on the charges for overseas borrowers.

I understand the idea is to incentivise working in NZ vs overseas but there needs to be a better way.

If the 3 year repayment holiday was interest free if you return at the end of it and work for a minimum period, this would work for me!

I think this would be an incentive for a lot of people who are planning to come home at some point, but see the over inflated housing market and massive loan as a huge negative.

 [annap](#)

Jun 26th 2009

I am currently living overseas and paying back my student loan via voluntary repayments. I disagree with the fact that overseas borrowers are being charged 6.8% interest because they don't live, work or study in NZ.

I think the system should be changed so that if you are making regular repayments on your loan, whether you live in NZ or overseas, that the interest is wiped. I think that this would encourage people in my situation to pay off their loans, rather than simply trying to 'forget' about them as we feel we are being treated unfairly.

I understand that loans carry the burden of interest, but it seems unfair that the rate is set so high...especially in the current economic climate.

The NZ government may think that they are encouraging people to move back to NZ with the lure of interest free loans, but in reality all it is doing is making us stay away in countries where we can earn more money.

With the interest rate set so high I think that the NZ government can forget about getting money out of many overseas based borrowers.

 [The\\_Forgotten](#)

Jul 1st 2009

I too was part of the "guinea pig" generation, so when I had finished my university education my loan had already risen by 25%. Ever since leaving

university I have paid all of my required re-payments while working in New Zealand and now that I am working overseas. I have never missed one repayment and have been charged interest at 7% from day one. Consequently, I currently have a loan which is effectively 70% interest and slightly more than I ever took out. How are people like me supposed to make a dent in our student loans? No wonder I, along with many other people, have no incentive to come back to New Zealand when we have been hammered with interest charges over the years.

Most New Zealanders, whether they go overseas to travel or work, return with enhanced skills that help New Zealand to grow as a country and compete internationally; how is this justification for charging them 7% interest while they are overseas? To me, as they always do, the government and the IRD have missed the point for overseas borrowers and the "guinea pig" generation.

In conclusion, the interest on these loans is ridiculous, unjust and unfair, especially given the current benefits New Zealand based borrowers receive. The interest should be written off or reduced!

 **jyotika**

Jul 10th 2009

The way student loan case is handled in NZ is absurd. I went to Uni in Auckland and for 5 years no one would give me a job because I was a beginning teacher. This is really frustrating. How can a person be experienced unless and until they are offered a job. I had to move overseas as it is much easier to get a teaching job in overseas than in NZ. I paid my student loan while I did relief teaching mind you I never got paid during two weeks break and 6 weeks break. I was told that once I move overseas I will have to pay \$2000 per month whether I will be working or not! Why should I pay so much when I was not offered a job in NZ. They should not penalise overseas borrowers like this. I did take the 3 year holiday option but my loan will increase like as if it's a house loan. I think it is not fair to put student loan borrowers under such pressure. there should not be any interest charged at all.

 **waiholawoman**

Jul 16th 2009

Scrap the interest for overseas borrowers. Basically you are penalising people because of where they live. Many New Zealanders want to come back one day and contribute to the economy. What use is a graduate in New Zealand anyway, without the work experience they can get overseas? Why should you be punished for broadening your work experience? I wouldn't be able to do the work I'm doing now for a NZ government department if I had stayed in NZ after I graduated. I paid off (some of) my loan from Australia and hated the hassle of sending money over to the NZ and the extra costs involved. It also made me feel less loyal to NZ that I was being charged interest, while people who were staying in NZ didn't have to pay it. I got over it because I love my country. I'm home now and not paying interest and my loan is being paid off so much faster. Think about it, it makes sense. Imagine if everyone overseas could pay off their loans faster - less admin costs for the IRD and more resources freed up.

 **GiveUsABreak**

Jul 17th 2009

I live in Oz along with many other kiwis who have student loans. I am now repaying my loan under the amnesty scheme but it took me 9 years to start repaying. Obviously the interest is now huge, more than doubling my initial loan as I was also part of the "guinea pig" generation. I know loads of people who never signed up when the amnesty was on & never intend to pay a cent on their loans. (Big or small).

Why wouldn't you offer a once off collection 'promotion' to gather up as much of the cash you're likely never to see. Something like an interest free payback option. 3/6 month offer of a % interest credit on all loans paid in full during that period. A lot of people would jump at the chance to get rid of it once and for all especially those who currently pay nothing & never intend to.

Currently I have a \$40,000 loan & pay the minimum \$1500 per 6 months which doesn't even dent my interest. It's going to take years for the government to get back what I owe, if the loan doesn't outlive me. If I could pay \$25,000 tomorrow to have it gone for good I would.

I know we all signed a legal document to pay back with interest (I was 18) but isn't something better than nothing? Under the current scheme IRD will not see a cent of so many loans, they will just keep getting bigger & the intention to pay will not change unless there are big incentives. While there is a way to get away with not paying people will continue to not pay, or pay the minimum

amount.

Even if its \$2,000 or \$5,000 someone owes, isn't reclaiming even just the principal from such an offer a huge injection of cash that otherwise would never be re-paid. How much cash do you think you could get back in 1 month alone with an offer like that? ...Try it!

 **kazza04**

Jul 20th 2009

I agree with the other comments, I live in Australia and have been making the obligatory repayments, last year I paid \$2,000 but was charged \$1,900 interest, how am I ever going to be able to pay it back? The interest rates are just huge.

Where's the incentive for me to make additional payments on the loan, when all I am paying is the interest? It also doesn't encourage me to return to NZ as there's no way I would make as much money as I do over here so it would probably still take me forever to pay off the loan.

 **phillippa2**

Jul 20th 2009

These are great comments i agree with 'give us a break' and those who mentioned the "guinea pig" situation as i too was charged interest while at uni.. no idea how i was meant to pay that off, then the year the interest free came in - was the year i left NZ!!! I had only just started to make a dent in my capital on my loan and now i am virtually back to where i was when i left uni. And my interest figure is scary.. why should money be made off us when we are trying to get an education and better ourselves which eventually in the long run is going to help NZ. I am always promoting my favourite NZ products to local stores in Australia and am gaining great experience and knowledge that i hope to bring back one day.

Unless the interest is scrapped and agree with incentives to make any payment rather than none...(and for it to be easier for overseas borrowers to make payments) then there is more chance we will feel we want to. I too want to come back to NZ one day but at this stage my student loan is a big consideration as to whether i will ever be able to!? Its something that I often think about and wonder how I can better deal with it...

A specialist overseas borrower team at IRD might be useful to look into ways people can better manage their loan?!

 **sad**

Jul 22nd 2009

Why do get punished just because we paying off from overseas ??? I really did not want to leave NZ if I could get a job.  
I know many people who have loans and 95% of them are not paying a cents. And their view was because of the interest rate they will never be able to pay off . we ware charged with interest rate while even studying. On the other hand I am on a very hardship and tried to pay my minimum payment but constantly charged with interest and all other kinds of fine and penalty. Even my parents gave me 10,000 dollars so I can pay voluntary repayment. After all this now my loan amount is more than I took. So the bottom line is : If you are good person in this world – you MUST suffer. Look at those who don't even have intention to repay. They are enjoying their life. On the other hand I am walking to work in this cold weather, have no savings money to buy even a good warm cloth. no car, no tv, no social life. When ever I save money to buy something, I end up repaying the savings to IRD. Loan is a big burden. By the time I will repay the full amount it will be three times the original. Who knows I might even die by then, because I feel so depressed and sick when I think about it. I had a dream that one day I will be a mum, start of my own family. But not any more. How can I afford a kid when its hard to survive myself. Sometimes I think my biggest mistake was studying in Uni. I wish I did not go to uni and took student loan. Whats the point of getting good education???

Suggestions :

1. Interest write off for overseas based. Why we have to get punished for repaying? If not, than good on those people who forget about the loan and never repay, not getting punished. No repay, no worries.
2. Introduce voluntary repayment bonus. In Australia they give bonus on voluntary repayment. Is there such a good thing exist in NZ? Please let me know. If not please make this happen. I am sure after moving to such a good idea all the people will be more encouraged to repay their loan. It will help the both parties.

Bonuses Example:

<http://www.ato.gov.au/individuals/content.asp?>

doc=/content/00154060.htm&page=29&H29

3. Tax deductible student loan repayment. Whatever student loan we repay it should be tax deductible from our income. Especially who are living in Australia. IRD can send the loan amount to ATO. So we don't have to pay huge tax and the bank fees to send the repayment money back to NZ. Its just too much. Australia and NZ already has good mutual agreements so why don't they just implement it in good stuff.

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## Online services



## Communication with Inland Revenue

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**Would you like to be able to get in touch with Inland Revenue through other electronic channels such as email or text message? Would you still want the option of being able to contact Inland Revenue by letter or phone? If you could access all your student loan information securely online, would you be happy for Inland Revenue to stop sending you this on paper?**

[Go back to proposals](#)



ali\_ham

Jul 9th 2009

Online would definitely be the preferred option. However, I would imagine we would still have to login to a "MyIRD" type thing, aswell as a "MyStudylink" to get all relevant information. It would be good if they were linked together, that way it would be easy to monitor repayments, and/or borrowing from the same place.



haley

Jul 10th 2009

I agree with everyone, online is the way to go, please do! I would love to be able to login and get my current balance. Let's not waste any more trees.



ragoggin

Jul 14th 2009

I would still like to be able to request a paper copy of my loan statement if I need it.



Nia

Jul 14th 2009

I agree that Online Services will definitely make it easier for everyone including the i.r.d to manage those with loans. This is for sure a long time coming & we need to move with the times. The option of the phone contact is still needed for any queries that need the personal touch. The loan statements that are currently being sent out is environmentally unfriendly & basically a waste.



tessa

Jul 14th 2009

I agree online services are the way to go, but I do still want the option of being able to call and talk through stuff if I don't understand it. Sometimes the answer may very well be online but the IRD website is a maze of incomprehensible info and sometimes I might want someone human to explain it to me, or to know that my query/concern is not going into a black hole. And yes, am happy to not have paper statements, especially as I still move around a bit and I don't want weirdos getting that information, but still want the statements via email (even if it's just a link saying there's updated info on my profile).



shorti1001

Jul 15th 2009

I agree, the IRD website is currently the most frustrating website I have to deal with. It would be great to see everything on-line AND accessible aswell! On top of that we would have access to information held by government

departments on weekends, which would be great!

I would hope that once on-line systems had been set-up, it would relieve the pressure on phone systems - which would mean govt. departments could perhaps offer a free 0800 service which includes mobile phones. Why could I ring What Now for free, but I can't call studylink without a land-line...?



**CowboyBear**

Jul 21st 2009

Personally, I would love a bigger focus on online services - I much prefer doing things online than using phone or mail.

BUT - I think it needs to be pointed out, amongst all the positive comments, that the people who are commenting here are (obviously) people with internet access, and who are net-savvy enough to be participating in the forum. People who do not have regular or decent quality internet access, or who aren't good with computers, may feel very differently. So I think it's important that the IRD use alternative consultation methods about this too (I don't know, maybe these are in place already), and ensure that there are still decent quality phone/mail contact systems in place for those who can't use the internet.



**jasper**

Jul 24th 2009

I second the above.

I have no issue with online communication, I would like to point out that should an email address be discontinued, it is a difficult process to get the online service re-established from overseas. Some mechanism for better allowing for this would be appreciated. Many banks have multiple "secret answer" questions to re-establish account - this might be useful.



**jasper**

Jul 24th 2009

Please allow for the option of preparing and printing (PDF) formal documents to be accessed online for use in overseas/formal submission to other banks/accountants etc.


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## Online services

 Who manages my loan?

1

**What services would you like to have available online to help you manage your loan account?**

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**ras90**

Jun 25th 2009

Good idea to have the ability to make voluntary repayments online.

**waiholawoman**

Jul 16th 2009

One department to rule them all. Why do people have to deal with both Studylink and the IRD?

**jasper**

Jul 24th 2009

Payment. In local country through internet banking (in that currency). Not via credit card, and at (or very close to) the current exchange rate.

Keep it government run. No more Student Loans Ltd. issues.

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## Online services

 Any other changes?

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**Are there any other changes to online services that you think we should consider?**

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**shorti1001**

Jul 15th 2009

One linked password to access information via Studylink and IRD would be great!! Also, I seem to find that I can only use IRD and Studylink websites on Internet Explorer, not Firefox. It would be great to have this sorted!

**thar**

Jul 23rd 2009

When does the proposed scheme go to back to Parliament? Ideas, promises and a proposal have been made with not one suggestion of a date as to when this new legislation may come into fruition if at all before 2010.

**jasper**

Jul 24th 2009

It can be extremely difficult to calculate interest events. It would be useful to calculate loan balances by month/week/year to allow for fine budgeting and payments to negate interest as much as possible.

It is not currently possible to assess how much to set aside based on an overseas currency, and what effect this will have on your loan in \$NZD. Whilst I appreciate that the manner of the official cash rate can only be retroactive to the last tax year, it would be useful to provide a tool or a rate which can effectively allow financial planning and likely loan payments for the year.

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## Forum



What do you think about our initial conclusions from the comments posted so far?

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**admin**

Jul 21st 2009

Our initial conclusions from the comments posted so far are:

- You are concerned around the ability to support yourself financially during study if you are required to make student loan repayments because of the change to a pay-period threshold
- While outside the scope of the current reforms, you think that overseas-based borrowers should not be subject to interest
- You support of our proposals to improve our online services by using the web more and moving away from paper.

Do you agree with these conclusions?

**waiholawoman**

Jul 22nd 2009

I agree that these initial conclusions summarise some of the discussions and comments on the forum.

I note that many other comments and opinions were given but I can see why the first two have been singled out as important conclusions. I would like to see the other conclusions and hope to be notified when these are available.

With regards to the last conclusion: I think a move away from paper is a no-brainer, especially with the e-govt initiatives that public sector organisations should be signing up to. I don't believe this is something you really need to waste time and effort consulting on. I doubt there will be a grass-roots movement from student loan holders to NOT have online services. Just do it.

**jasper**

Jul 24th 2009

Agreed with the above post and summary.

Additional online services to facilitate payment directly to the NZ government (rather than intermediaries) in the currency overseas borrowers earn would be useful, as would planning tools to better manage payments.

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## Forum



What do you think about the idea of using a forum to consult on proposed changes?

1

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**admin**

Jul 21st 2009

We think that the forum has gone really well. What do you think about the idea of using a forum to consult on proposed changes?

We would be particularly interested in your comments on:

- Did you find the forum easy to use?
- Did we explain the proposals in a way that made sense?
- What improvements could we make for any future forums?

**waiholawoman**

Jul 22nd 2009

The forum was easy to use. I like the fact that each person's comments were separate and couldn't be linked as a reply to someone else's comments like on blogs. This often results in new threads being started off in the middle of another and duplication of comments.

I think the proposals were explained well on the whole, but weren't detailed enough. My main concern is consulting on 'major' and 'minor' repayments, without defining either of those in monetary terms. If 'minor' means \$100 or \$500, that will make a difference to someone's feedback. There is a real danger in the IRD defining what 'minor' is. When you are strapped for cash, \$5 can make a huge difference.

An improvement to the forum would be less blurb on the front page and better links to the discussions. I found out by accident that you could view all discussion topics by clicking on the green and pink speech bubbles.

The other thing that was annoying was that the same discussion topic came up under several headings and you didn't realise until you had clicked on it and started reading the question. Perhaps you could number topics in future.

The forum and discussion is a great initiative and the only disappointment was that not many people commented. I think once you have left study and are working it is hard to empathise with current students. I am working but returning to study next year so the results of your consultation will have an impact on me. Thank you for the opportunity to comment.

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## Employees



Repayment threshold – the income level at which you must start paying back your loan

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**What do you consider to be the advantages and disadvantages of a pay-period threshold? Keep in mind that this proposal could mean that students who work in their holidays, or borrowers who work for part of the year only, might have to make repayments.**

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**jeremy**

Jun 24th 2009

I have a student loan and think this is fair as long as the compliance burden is not excessive... ie lets make sure its not going to cost the taxpayer more than is made on it



**stu**

Jun 25th 2009

Surely it makes little sense for students to have to make compulsory repayments whilst still studying? I think (as a student with a student loan and student allowance) that this penalises those who wish to work during the holidays in order to support themselves during the academic year.

If you receive a student allowance you are only allowed to earn \$185 pw on top of your allowance (roughly \$380pw). Most summer jobs pay more than this every week, so by forcing students into compulsory repayments, you are inhibiting their earning potential during the holidays to the same level as during semester. This provides disincentives for work from a student's point of view and will be an issue for employers trying to attract full-time student summer holiday workers, as students may fail to see the point in working 50 hours pw and only taking home the pay of 25.

From an administrative point of view, a pay-period measure may be the easiest way, but perhaps an amnesty on compulsory pay period repayments whilst one is still studying (including the summer holidays) through different tax codes for students working through the holidays whilst intending to return to study?



**ras90**

Jun 25th 2009

I am concerned about how this will effect working parents who may chose to work only part of the year. The new system would unfairly require them to repay their student loan even if their income is under the current annual threshold, which could cause unnecessary financial strain on some young families, particularly when childcare costs are also accounted for. I would also be concerned if parental leave payments were eligible for the pay-period threshold, as typically paid parental leave is rather limited. I think the current annual system effectively takes into account a range of different circumstances which may lead employees to work only part of the year (whether full time or part time).



**aegordon**

Jun 25th 2009

It is unfair to make students who are still studying pay back their student loans. Most students try to earn as much as they can over the summer holiday period so that they can pay things like their rent throughout the academic year when they don't have so much time to earn money. The \$160 a week from studylink does not go very far on its own and students have to have be able to supplement this somehow.

 kris

Jun 25th 2009

This proposed pay period threshold is ridiculous. While I agree that a yearly income threshold is fair, a weekly threshold is not.

Many students rely on full time work over the holidays, and work overtime if possible, so that they can finance their next year of study, and only work minimal hours (if any) part time during the academic year.

The proposed policy change means there will be a disincentive for students to work extra hours in the holidays (when they are most able to), and more pressure to earn up to weekly threshold during semester. This puts more pressure on students to find part time jobs with flexible hours, which can be difficult (especially considering today's economy), and those students will have less time to study.

The net effect of this policy proposal sees less money in students pockets to pay rent and other living expenses. The best off will be those who earn the under the threshold all year round, the worst off will be those who finance their entire year from holiday work - they receive a kick in the guts for trying to help themselves. NO students will actually benefit from this.

There is already existing policy to offer a voluntary repayment bonus, those who do have spare money are likely to take that option, students don't need another "tax" taking away more income, which they depend on to live through the academic year.

 mjc

Jun 26th 2009

I agree that a weekly threshold disadvantages those students who are trying to work to subsidise thier study. As a student ineligible for a student allowance and recieves no help from their family to study. I rely on every cent that I can earn in my summer holiday break to survive during the next year. My student loan only just covers my rent. I then have to work part time to eat, pay power, have internet and clothe myself.

By working over summer I can repay the overdraft that I have incurred in the previous year. I then try to save as much as pysicaly possible for the next year. This means I can try to keep my hours down during semester so I can actually do what I need to do which is Study.

If I had to repay my loan over the summer - I would be struggling even more with basic living costs than I am now. Any mid trimester break work that I did to bump up my funds for the coming semester would be reduced - I could not cope.

This change would just increase the hardships that are suffered by students who are trying to help themselves through their studies.

I think that this pay period threshold is a great idea for those who have finished studying and are working fulltime. How about students being able to have exemptions from this weekly threshold. Lets say a qualification long exemption from the weekly payment threshold? Or it doesn't apply to year's that you are recieving a student loan/allowance.

It is a good idea in theory for those that are working, but it severely disadvantages those students who are already struggling to survive and trying to work when they can to help themselves.

 Corin

Jul 6th 2009

These proposed changes are unfair and will increase hardship among students.

For students ineligible for an allowance, these changes increase the reliance on the student loan living costs to live as it decreases the value of working.

For students lucky enough to receive a student allowance, the maximum they can earn from a part-time job is \$190 so their income is already limited.

This change discourages students from earning extra income during less busy periods in favour of earning a fixed amount every single week.

This will only add to the stress of students in busy periods around the end of semesters.

Calculating the threshold on a weekly or fortnightly rather than a yearly basis will decrease the net income of most students especially those who work variable hours from week to week.

The principle behind student loans and the threshold is that tertiary education increases an individual's income. The state is then 'paid back' when the



individual is economically benefiting from that education. It is a mockery of this principle to increase the rate of repayments from students who have not completed their education and thus not in a position to economically benefit from it.

 **rbar**

Jul 6th 2009

I agree that this proposal will be more efficient for collecting loan repayments from full-time workers who are no longer studying full-time and are earning above the \$19K threshold.

It is patently unfair on students who need to work full-time over their holidays to earn and save enough supplemental income to pay for rent, food etc during the forthcoming year of study.

It is also unfair on part-time/casual workers such as sole parents, who may earn over the threshold in some weeks during the year, but overall come in under the threshold for repayments. It is usually these people who struggle to meet ends meet and unwarranted deductions from their weekly pays will prove a hardship.

I believe full-time students should be exempted from repaying student loans until they have completed their course of study and are working and earning a full-time wage above the \$19K threshold.

 **martinetherington**

Jul 8th 2009

In practical terms the repayment threshold is already implemented on a pay-period basis. It currently applies to any employee declaring one of the M SL, ME SL, S SL, SH SL or ST SL tax codes on their IR330 (tax code declaration), based on their expected annual earnings being over the annual repayment threshold.

If the repayment threshold is to be implemented on a pay-period basis regardless of the employee's annual earnings then all that is required is to remove the questions, "Is your annual income from all sources likely to be more than the student loan repayment threshold?" and "Is your income from your highest paid job likely to be over the student loan repayment threshold?" from the IR330.

This change will have no impact on payroll software. There will be no extra compliance costs for employers, and no reduction in compliance costs either.

It will result in less cash in the hand for those who have annual earnings under the annual repayment threshold but have fluctuating or periodic earnings and sometimes earn over the pay-period threshold during the year. If these 'extra' repayments exceed \$500 per year then they will benefit from the student loan repayment bonus.

To retain equity between employees and self-employed, I recommend the IR330 remains as is, so that those employees expecting to earn less than the annual threshold do not have to make repayments from their wages during the time they work. They can always choose to if they want.

 **alanajane**

Jul 8th 2009

I think there needs to be more of an incentive to pay back the loan faster... the voluntary repayment bonus is great but in all honesty if I pay back \$500 on my own accord what is a \$50 write off a \$38,000 loan.

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## Employees


 Payments deducted (if over the threshold)
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**What do you think about relying on the PAYE system of pay-period deductions to get things broadly right? This would mean that the deductions that come out of your pay each time you are paid would be full and final.**

[Go back to proposals](#)

 stu

Jun 25th 2009

Fine, once a student has left study. During studies, students should be encouraged to earn as much as they can during the holiday period in order to support themselves during the academic year.


 mjc

Jun 26th 2009

Normal tax deducted from your pay packet is never full and final. There is a process to correct any imbalances/errors due to changes in circumstances at the end of the year. I think it is unfair not to have this for your student loan. Maybe this is okay for those that at the end of the year have earned over a threshold, but for those on limited incomes anyhow this is disadvantages them even further.


 bartybird

Jul 14th 2009

Perhaps there is room for this approach, in combination with an exemption for those on an annual income less than the existing repayment threshold. If you know you are going to be under the threshold at year end, then you don't pay regardless of income in the shorter pay intervals. If you know you are going to be over the threshold, you are automatically subject to pay interval deductions. If you are unsure if you will be over or under, you can opt in to pay interval deductions.

I agree with mjc, however, that reliance on the employer and PAYE to get it right is not realistic, and there are likely to be corrections etc from time to time.


 waiholawoman

Jul 16th 2009

I agree with bartybird. If you know you won't be earning over the threshold for the year, then you probably can't afford to make PAYE pay-period deductions. Keep it the way it is, with the option to opt-in to repayments.

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## Employees



## Borrowers currently below annual repayment threshold

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**What do you think about the proposal that students who work in their holidays, or borrowers who work for part of the year might have to make repayments?**
[Go back to proposals](#)


PhilipA

Jun 25th 2009

While this change might simplify administration of the student loan process, it will have a negative impact on students.

This is effectively a 10c raise in the effective marginal tax rate faced by people who are some of the lowest earners in society. The proposed weekly threshold is \$367 before tax. If a student works for 40 hours a week at the minimum wage of \$12.50 they will make \$500. This will mean they will have to repay approximately \$14 per week towards their student loan. While \$14 may not sound like much money, it would make a noticeable difference for those who are struggling to get by.

Students should be encouraged to seek work and fund their own studies rather than relying on government provided living costs and allowances. The proposed changes provide a disincentive to work. The changes also may provide students with an incentive to game the system by taking under the table cash jobs (also evading tax), have employers spread their pay over weeks they did not work, or to pay their parents/spouses for work performed by the students.

The changes are inequitable in that someone who works 20 hours a week for twice as long is better off than someone who works 40 hours a week. There is no reasonable basis for discriminating between people who prefer to focus on their studies and earn money in a concentrated period, such as the holidays, and those who prefer to earn money throughout the year.

A better solution would be to shift to a weekly PAYE threshold for all borrowers, but retaining the current yearly threshold for people who are still studying. In Background section 2.1 of the discussion document, it is stated that most borrowers have finished their study. It would only be a minority who would need a special exemption as they are still studying. Obviously there would be difficulties with working out who counts as "still studying", but I'm sure it would be possible.



kris

Jun 25th 2009

I agree with all the points PhilipA made.

IRD does not discriminate (with regard to tax) between people who earn \$20k in 3 months or \$20k over the entire year (although there may be a square up at the end of the year), so why should it be any different with regard to student loan repayments?

No group of students are going to benefit from this, indeed, the worst off (those who finance their entire year from 3 months of holiday work) could potentially be \$1000 worse off, if they had a particularly well paying holiday job, or worked excessive hours.

Of particular issue is that over the holiday period, students may opt to work instead of taking their holiday entitlement, and instead have this paid as a lump sum at the end of employment. Some students will also have scholarships with their employers, which most likely get added to their last PAYE at the end of the 3 months employment. Both of these already get

taxed, and now students will see even less of it, as their last weeks' pay could be hundreds (or thousands with a scholarship) more than their normal weekly pay (and well over the pitiful weekly threshold).

 **habbott13**

Jul 6th 2009

I agree with both of the above comments. Students already struggle to find adequate finances to support themselves during the academic year, and by forcing them to make compulsory payments from their weekly earnings over the summer, it will become even more difficult. It will be also be difficult for students who have to also work during the year, whether it be demonstrating or as a residential advisor (RA) at the halls. They will be put under more pressure as they will need to work more hours to earn the same amount and it could jeopardise their academic studies.

 **BANG**

Jul 6th 2009

I actually think this is a good idea. Student debt has been getting way out of hand for far too long because it is so easy to get a loan and so easy to avoid paying it back. I have my reservations about this Government but I agree that something needs to be done about student debt and I see this as one logical step.

Getting into the habit of paying off a loan as you go along is a good idea - you don't get a 100% loan on a car, drive the car into the ground over 9 years and then start making repayments, nor do you get a mortgage and be exempt from paying it off while you live in the house, so why should it be different with education?

I lived on \$170 a week for years while I was studying (\$150 loan and \$20 from summer savings), I saved most of what I earned over summer (half-time work as I was volunteering 0.5 FTE) and after living similarly and saving my earnings I am in a position at age 24 to write off my loan of \$40,000. I'm an exception not the rule but seriously, if I managed to do that then there are MANY other students out there who can cut back on their spending and use it to get rid of their loan.

 **damonharrison07**

Jul 8th 2009

I can see the the potential upsides of the proposal (i.e. Getting out of debt WITH THE IRD quicker) but I don't see how it will help in other aspects of student's lives. I agree completely with the above posters.

I currently work two part time jobs and study full time and don't even have the money for text books after paying for essentials (petrol, food, part of bills etc), not to mention being limited in my income to \$180 due to my student allowance. (I would need to work an extra 11 hours a week to actually make more money than I do now.)

The limit should either be increased or this should be an option for people with lower expenses. Another thing to consider would be students who are becoming parents, their incomes will certainly need to be as high as they possibly can without more penalties.

 **Lys**

Jul 8th 2009

The most obvious problem with this proposal is that many students cram their entire years income into a few short weeks earning during the holidays.

Without the luxury of being able to live at home with the parents while studying, it's really difficult to balance full time study with working enough during the week to pay for general living expenses - especially if you're not eligible for student allowance.

Many students attempt to work (and save) as much as possible over breaks from study (such as over summer) in order to survive the busy study periods that restrict their ability to work. They may earn what seems a significant weekly amount during these times, but very little annually.

It seems incredibly unfair to make these people make greater repayments when in actual fact they are only scraping through as it is...

 **Tegan**

Jul 14th 2009

This is so unfair on students that spend thier entire christmas holidays saving for the next year of study.

People who are trying to keep thier student loans to a minimim and save for books and accomodation during the holidays should not be penilised.

I find this very unfair that the government is trying to make us pay back our student loans while we are still in the middle of our studies. This just put more pressure on the students during the year. Students should be left alone untill they are working full time permanently not for a short number of weeks.

People work during the holidays to keep themselves busy. This is going to restrict how much work they can do a week this may also put pressure on the work places students are at as during this time bussiness is up and they need more staff.

 **bartybird**

Jul 14th 2009

Terrible idea. Life is hard enough as a student. There is no reason to require repayment ahead of gaining satisfactory post-study employment. After all, these students are likely to make a considerable contribution to the economy upon completion of study, and will be in a position to make regular repayments on the loan at that time. Why try and squeeze them, when it's a matter of waiting 3 or 4 years.

 **waiholawoman**

Jul 16th 2009

Nope - bad idea. BANG says it is a good idea, because you learn responsibility, but it's not like anyone has a choice to get a student loan. If you didn't have to get it, you wouldn't! You aren't teaching anyone good money habits by coming down hard on them, just placing more obstacles in the way of people who are trying to get an education. I'm returning to study after an 8-year break and all this is adding to the stresses of going from being a full wage earner to a poor student. I don't expect a huge handout, but I do expect to be able to afford food, power, and shelter while I study. Having to pay off my loan if I work in the breaks just adds to the stress. Let's pay it off when we are working, not studying.

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## Employees

 PAYE employer error

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**What do you think about the proposal of ignoring minor overpayments and underpayments and making corrections for the future only? In effect, this would mean that Inland Revenue won't worry too much about small errors, and won't wait until year end to make corrections.**

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 **jacs15**

Jun 25th 2009

I think it is a good plan, but what happens with larger errors? My partner was stung with a large student loan and tax bill due to his employer completely screwing it up (and this is an international company too).

We also had conflicting info as to whether we had to pay or not from the IRD call centre.

Having this clear on what is required and having some leeway when the individual is not at fault would make sense.

 **smcn001**

Jul 7th 2009

I think this is a good idea too. However I also agree the larger error situation is an issue. My previous employer overpaid by several hundreds of dollars despite my request to cease payment probably 3yrs ago now. I have had to request a refund from the IRD, and despite sending in 3x completed rapid refund forms over that time ... nothing! A refund for overpayment at the end of the loan should be automatic.

 **martinetherington**

Jul 9th 2009

IR only receives information from employers once a month. This information includes the total earnings for the month, and the total student loan deductions for the month. E.g.:

1. An employee paid weekly earns the following gross amounts: \$500, \$500, \$100 and \$200. Total \$1300. Student loan deductions are \$13.30, \$13.30, \$0.00 and \$0.00. Total \$26.60. These deductions are correct but as far as IR goes it appears to be an overpayment for the month since the total gross is less than the monthly threshold of \$1590.33.
2. An employee paid weekly earns the following gross amounts: \$360, \$360, \$360, \$360 and \$360. Total \$1800. Student loan deductions are nil for each of the five weekly pays. These deductions are correct but as far as IR goes it appears to be an underpayment of \$20.97 for the month since the total gross is more than the monthly threshold of \$1590.33.
3. Worst case scenario: An employee paid fortnightly earns the following gross amounts: \$733.98, \$733.98 and \$733.98. Total \$2201.94. Student loan deductions are nil for the three pays. These deductions are correct but as far as IR goes it appears to be an underpayment of \$61.16 for the month since the total gross is more than the monthly threshold of \$1590.33.

Would these be detected as PAYE errors or just as a minor over/underpayments?

In practice I expect there to be frequent apparent over or under payments which have in fact been deducted correctly on a pay-period basis. Therefore only major discrepancies need to be checked as possible PAYE errors.

Where a PAYE error is detected making corrections for future payments only is a good idea.

 **bartybird**

Jul 14th 2009

It appears that this will do away with the possibility of refund, and instead, overpayments will be used to reduce student loan balance regardless. This takes away choice for the taxpayer and I do not support that approach. While I appreciate that the government is trying to recover loans, I believe individuals need to retain control over their income and where it is directed.

 **waiholawoman**

Jul 16th 2009

This question is flawed as you haven't defined what 'major' and 'minor' are measured as. I agree with making corrections for future payments, instead of penalising someone for their employer's stuff-up. But I agree with bartybird that people should have control over their own money and where it goes. Overpayments over a certain amount, say \$100, should be able to be refunded if requested. \$100 seems small, but that's a power bill for the month, or groceries for a week.

 **krystalh**

Jul 21st 2009

Waving minor underpayments would be great, a year or so ago I was required to pay \$20 and so many cents .... took alot of effort to sort it out and checking it got paid. Would have been nice to just have written off as a requirement for that year. It wasn't really my fault either, just a minor error from when I first started my new job and they got it wrong slightly and never corrected it.

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## Employees

 Year-end process
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**What do you think about doing away with the year-end square-up to free up resources for other things like better online services?**
[Go back to proposals](#)[martinetherington](#)

Jul 8th 2009

Excellent.

[andrewwatson](#)

Jul 13th 2009

This should mean ex students will not receive unpleasant surprise letters asking for repayment money that they should have paid during the year. Very good.

[bartybird](#)

Jul 14th 2009

I don't support this idea if it is reliant upon the proposal to take out repayments based on shorter income intervals (weekly, fortnightly or monthly thresholds). As stated in the related discussion, this will only hit the already vulnerable, and during a recession it makes no sense to make life harder for those at the bottom of the income range.

[waiholawoman](#)

Jul 16th 2009

I agree with bartybird. If this is only because of the pay-period deductions, then no. I'm not sure what problem this is addressing. Once people leave study they either go overseas and have a payment holiday, or enter the NZ workforce and immediately start to pay off their loan. So there shouldn't be huge discrepancies in the amount you owe.

[krystalh](#)

Jul 21st 2009

I think that the year end square up process is essential! I use it to ensure that my employee is paying my deductions on my behalf etc., and to check track of how much I owe. I also use it as my once yearly check that IRD and writing off my interest for me, many times this does not happend automatically.

If the year end process was removed then I would have one more thing to worry about each year.

If you got "rid" of this process as standard, would people at least be able to request a year end summary e.g. like you do for tax. Also would people who have not met there repayment requirements still get a bill, or would it work like the tax summary e.g. if you don't enquire you do not have to pay.






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## Employees

 Overpaid at year-end
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**What do you think about overpayments being applied to the balance of your loan? This would mean that your loan would be paid off quicker. You could request a refund in situations where an employer error leads to a major overpayment.**

[Go back to proposals](#)

 **bartybird**

Jul 14th 2009

Refund option should be retained. What may seem a minor amount of money to IRD may make a real difference to the recipient and the employee should retain control over that decision.

 **waiholawoman**

Jul 16th 2009

Again, it is hard to answer this question without a definition of 'major' or 'minor' overpayments. Even a small amount, like \$100, can make a huge difference to quality of life.

 **krystalh**

Jul 21st 2009

Any overpayment no matter how small should not automatically go onto the balance, unless someone has requested this to be a permanent option ... people's circumstances change from year to year ... last year I was okay with it being added on, this year I am not.

 **newlino5**

Jul 21st 2009

I don't know what classifies as a minor/major overpayment to most people but personally the \$1900 in overpayments I get refunded each year means a heck of a lot especially when my repayment obligations are set at around \$3,300 pa (thats almost 2/3rds over what I need to pay). If you want to take away the option of receiving the refund then the CORRECT amount needs to be taken out throughout the year.....

 **lidiaaiad**

Jul 22nd 2009

Refund option should be retained. Even if it is a minor amount, it may make a big difference to the recipient however, it will not change alot in the repayment period. The employee should have control over that decision of taking the refund or applying the overpaid amount towards their loan.

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## Employees



## Underpaid at year-end

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**What do you think about the proposal that major underpayments are recovered through increasing deductions each pay period? Currently you have to wait until the end-of-year square-up and pay it back in a lump sum.**

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martinetherington

Jul 9th 2009

This is a good idea. Currently when a special student loan deduction rate is issued it is a flat rate applied to all earnings, not just earnings over the annual threshold. Will this continue to be the case or will the special student loan deduction rate always be for earnings over the annual threshold, or could it be either? From a compliance point of view I'd prefer it to remain as a flat rate on all earnings for the pay period as it is now. This is the simpler option for those doing manual payrolls.



Nia

Jul 14th 2009

This would be good. I have been in that very situation where when I begun working I ended up underpaying my student loan payments. To my surprise I was penalised for it and large amounts were deducted from my pay for it.



bartybird


Jul 14th 2009

At present, there is the capability to make payment arrangements to clear year end underpayment amounts and those arrangements are within the control of the employee, made in consultation with IRD based on income level. Trying to manage this through PAYE is an extra burdern on the employer in terms of administration and reduces the employee's ability to manage their own income.

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## Employees

 Financial hardship
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**Would you like to be able to get in touch with Inland Revenue through other electronic channels such as email or text message?**

[Go back to proposals](#)

**martinetherington**

Jul 8th 2009

Having the ability to email correspondence to IR is essential - much easier than mailing or faxing.

**bartybird**

Jul 14th 2009

I can't see a great uptake of text message options due to character limits and nature of information likely to be discussed. E-mail communication is a basic option that people would expect to have available.

**waiholawoman**

Jul 16th 2009

Anything online is great. Submitting information via email is annoying as you never know exactly what to write. What about an online form that is pre-populated from your account details? You would just need to plug in your amended income and hit 'submit' if applying for financial hardship, etc.

I like the fact you can pay IRD through the bill-pay section of the bank now - that is awesome.

No to texts, my phone is for fun and friends, not serious financial stuff.

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## Employees



## Fluctuating income

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**What do you think about doing away with the year-end square-up to free up resources for other things like better online services? What services would you like to have available online to help you manage your loan account?**

[Go back to proposals](#)

[martinetherington](#)

Jul 8th 2009

Doing away with a year end square up is a great idea. In practice though, a year end review is still needed on all accounts to check to see if there have been any earnings that have not been subject to student loan repayments. E.g. self employed earnings, etc. This review is required to determine if any interim payments are required or if a special tax code for student loan repayments needs to be issued. Based on what is proposed the year end review would not result in a refund if too much had been paid, or in a terminal student loan payment.

[bartybird](#)

Jul 14th 2009

Having the ability to track the loan online, and calculate whether there is any discrepancy in deductions could happen without any need to go to pay interval thresholds.

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## Employees



## Interest and dividend income

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**What do you think about there being a threshold for interest and dividend income? This would mean that if the interest and dividend income you earn is below a threshold, you won't have to make extra repayments. Do you think \$1,500 is a reasonable threshold?**

[Go back to proposals](#)[martinetherington](#)

Jul 9th 2009

Another way of expressing this question is what is a 'major' underpayment? In other words ignore the actual interest and dividend income and just look at the overall underpayment. If the underpayment is over \$1000 then the interim repayment rules will kick in. If it is less than \$1000 but higher than the 'major' underpayment threshold then a special student loan deduction rate will be issued to claw back the underpayment..

[waiholawoman](#)

Jul 16th 2009

I'm not sure what this means? Does this mean that if you earn interest on your bank account, that won't be included in your end of year total as income? Is this only while you are studying, or forever until you pay off your loan?

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## Examples for employees

**Example: Starting loan repayments**

Danny has finished studying and started employment. He will be working full-time and earning above the repayment threshold each pay period.

His employer makes repayment deductions out of Danny's income each pay-period. Under the current system, his repayments would be squared-up at year-end and he would have to pay any outstanding amounts or receive a refund of any overpayment.

Under the new proposals, Danny can check the balance of his student loan online to monitor his progress in paying it off and to ensure the deductions are correct. He doesn't have to do anything at the end of the year.

**Discussion: Repayment threshold - the income level at which you must start paying back your loan****Discussion: Payments deducted (if over threshold)****Discussion: Year-end process****Example: Part-time worker and also studying**

Maia works part-time eight hours a week while attending university. She is paid \$200 per week.

Under the current system, her yearly income and any student loan liability would be determined at year-end. As Maia's income is under the annual repayment threshold, (currently \$19,084 per annum), she has no student loan liability.

Under the new proposals, her weekly wages would be checked against the weekly repayment threshold (\$367 for the current year). As Maia's income is under the repayment threshold, she won't have to make repayments, nor get a bill at year-end. If there are weeks where her income exceeds the weekly repayment threshold, she would make repayments only in those weeks.

**Discussion: Repayment threshold - the income level at which you must start paying back your loan****Example: Working while studying**

Lisa is a university student and works during the Christmas break. She earns \$900 a week for the eight weeks she works, and has an annual income of \$7,200.

Under the current system, Lisa won't have to make repayments as her annual income does not exceed the \$19,084 annual repayment threshold.

Under the new proposals, Lisa's weekly income for the period she works will be above the repayment threshold. Over the Christmas break, Lisa will have \$53.30 deducted from her pay for her student loan repayments. This is calculated as follows:

Lisa's weekly total gross income \$900, less \$367 repayment threshold = \$533 x 10%.

**Discussion: Borrowers currently below annual repayment threshold****Example: Decisions to work and study**

Tariq is a student in his fourth year of study. He takes a year off and works full-time, earning \$600 per week, to help cover his living expenses when he returns to finish his studies the following year.

Tariq also has the option of studying six months and working six months for the next two years.

He would prefer to take a year off and work full-time.

Under the current rules, Tariq might be more inclined to work only part of both years to maintain an annual income below the annual repayment threshold so he

wouldn't have to make student loan repayments.

Under the proposed changes, this wouldn't be a consideration. He would be required to make payments while working in both cases and the amount would be essentially the same, assuming no change in the repayment threshold over the two-year period.

#### Discussion: Borrowers currently below annual repayment threshold

---

#### Example: Repayment error

##### Underpayment

Arjun has finished studying. He now works full-time for a small employer who has a manual payroll system. He is paid weekly. When Arjun started his job his employer miscalculated his student loan repayments for the first month and he now owes \$500 in repayment deductions. The employer did not spot the error when preparing the PAYE return.

Under the current system, Arjun would be sent a bill for \$500 after the end of the year.

Under the proposed changes, the error may be spotted by Inland Revenue through its ongoing monitoring, or Arjun might notice it when checking his account online.

Once brought to our attention, Inland Revenue would contact Arjun's employer to correct the deduction amount for the future. We would consider the problem corrected and take no further action.

##### Overpayment

Had Arjun overpaid by \$500, the new proposals mean that Inland Revenue would contact Arjun's employer to correct the deduction amount for the future and would apply the overpayment to his student loan balance. Arjun's student loan would then be paid off a bit faster.

Under the current system, if Arjun notices the overpayment and requests a summary of earnings and a personal tax summary from Inland Revenue, he could get the overpayment refunded to him at year-end. Otherwise, it would be applied to his loan balance.

#### Discussion: PAYE employer error

#### Discussion: Overpaid at year-end

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#### Example: Major under-deduction of student loan repayments

Kath has finished studying, works full-time and is paid weekly. When Kath started her job she forgot to tell her employer to deduct student loan repayments and now owes \$1,000 in repayment deductions.

Under the current system, this error would not be noticed until year-end, when Kath would be sent a bill for \$1,000.

Under the new proposals, Inland Revenue would spot the error and talk to Kath and her employer to arrange repayment. The money would then be collected from Kath's pay over the next six months by deducting an extra \$40 each week. At the end of the year Kath will have repaid the debt without having had to repay a lump sum, and without incurring penalties.

#### Discussion: Underpaid at year-end

---

#### Example: Income from a second job

Peter has two jobs. He receives \$326 a week from his main job and \$77 a week from his second job.

Under the new proposals, the weekly repayment threshold is \$367. Peter has \$41 of "unused" repayment threshold per week from his main job (\$367 minus \$326).

He applies this unused repayment threshold to his second job:

Peter's weekly income from the second job:	\$77
Minus his unused repayment threshold:	\$41
	\$36

He pays \$3.60, or 10% of \$36 (his secondary income in excess of the repayment



threshold), each week, rather than \$7.70, or 10% of \$77 (his total secondary weekly salary).

If he didn't apply his unused repayment threshold from his main job to his second job, the extra \$4.10 (\$7.70 minus \$3.60) would be applied to his loan balance each week.

 **Discussion: Borrowers currently below annual repayment threshold**

---

 **Example: Interest and dividend income**

Recently Sally used some of her savings to buy some shares in a company. At the end of the year the company paid her a dividend of \$500. Also, the cash she had in her savings account generated another \$800 in interest. This gave her a total of \$1300 in interest and dividend income.

Under the current system, Sally would have to file at year-end and make repayments in respect of this extra income.

Under the proposed system, her income will be below the proposed new threshold. This means that she will not have to make any extra student loan repayments.

 **Discussion: Interest and dividend income**

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## Information for proposed changes for employees

### What would this mean for you?

The repayment threshold will be set on a pay-period basis – weekly, fortnightly, four weekly or monthly – rather than on an annual basis.

This means if you work for only part of the year, you have to make payments towards your loan during that period of time only. This is consistent with the principle that student loans should be repaid at the time when people have the money to repay them, not at the end of the year.

#### **Discussion: Repayment threshold - the income level at which you must start paying back your loan**

Major PAYE errors would be identified and corrected earlier. This means fewer and less significant overpayments and underpayments.

If you underpaid, your future deductions could be adjusted to correct the error. There would be no lump sum due or late payment penalties.

Most overpayments would be applied to your student loan balance.

You could seek a refund of overpayments only if the amount was significant and due to an employer error.

#### **Discussion: PAYE employer error**

#### **Discussion: Overpaid at year-end**

#### **Discussion: Underpaid at year-end**

### Borrowers with secondary jobs

At present, if you have more than one job and the income from the main one is less than the repayment threshold, it's not necessary to have loan repayments deducted from the pay from any of your jobs. At the end of the tax year, your income from all jobs is totalled and, if it is over the repayment threshold by more than \$20, we send you an end-of-year assessment.

Under the proposed changes, if you had a second job, you could choose to apply the "unused" repayment threshold from your first job (the difference between your income from the first job and the repayment threshold) to your second job. Otherwise, loan deductions would be made from the first dollar of income from the second job.

#### **Discussion: Borrowers currently below annual repayment threshold**

### Borrowers who have interest and dividend income

Under the proposed changes, if you earn interest and dividend income below a combined threshold set by Inland Revenue (say \$1,500 or less), you will not be subject to repayment obligations on this income. If your interest and dividend income exceeded the combined threshold, Inland Revenue will send you a student loan assessment.

#### **Discussion: Interest and dividend income**

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## Employees

 Any other changes?

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**Are there any other changes that you as a wage or salary earner think we should consider? What services would you like to have available online to help you manage your account?**

[Go back to proposals](#)

 **ruralgirl**

Jun 24th 2009

Why is the voluntary payment bonus as explained on your main IRD website not listed here for policy consultation?

 **administrator**

Jun 24th 2009 edited

Thanks for your question. Parliament is currently considering a bill providing for the voluntary repayment bonus. The matter is best addressed through that process and that is why discussion is not included on this point in this forum.

 **rhwilburn**

Jun 25th 2009

I am a software engineer by trade. I would like to see your online internet banking style payment system interact with other banking systems as a webservice. For example: I login to my internet banking with my bank (e.g. ANZ) and I can see my account balances for various accounts like VISA, Savings, etc. I would like it to be possible to have my student loan account show on that internet banking like my VISA does. My visa is latent in terms of showing the balance which is fine. The advantage of this to me, is that I can 1) see my fairly current balance. 2) I can easily transfer money to my student loan.

I am aware that it would be up to banks to implement their side of things, however if you find one bank that will do it, all other banks will likely be inclined to do it.

Personally I think the fact that you are asking for public feedback on proposed changes is an excellent idea, and should be an ongoing thing, rather than a one off.

Without having the student loan seem like a loan, ie appearing on my internet banking, I am likely to just not worry about it and let the compulsory payments take care of it because its a hassle to make a small one off payment.

 **kris**

Jun 25th 2009

To be honest, the only change that should be made is like rhwilburn says, better internet services. I know there are already online services for IRD and Studylink, and some banks have online features which allow you to make tax payments easier, but the system as a whole is lacking (just look and the truckload of snail mail you get from studylink throughout the year).

Integrating everything into one place would be great, as well as showing IRD and student loan statuses on online banking websites (bonus points for allowing money to be transferred to them just as you would to your other suffixes).

The rest of the student loan policy does not need changing, as no students will actually benefit from it.

 **gcornes**

Jul 5th 2009

While many comments are from full time students, I am a full time worker, studying part time and the papers are \$550 per term plus text books. My student loan repayments would have my loan paid off in 2 months.

This is a real pain on several fronts and maybe a lower repayment percentage (3c in the dollar for example), as this will mean easier budgeting and manage house cash flow for my partner and I to maintain mortgage payments and spread my study loan payments over the year, as in the near future we will be going down to one income, but since there is no household income splitting at present, the current 10 cents in the dollar threshold is harder.

Ideally if there were a different repayment say 3c in the dollar for loans under \$2000 for example, as this will help single income families where either one partner or both are studying with one income stream.

This may be a pain to administer, but will mean more full time workers who are studying part time can better themselves while the recession is on, allowing more qualified people when the recession finishes.

 **drtimwright**

Jul 8th 2009

I'd really like a note on the statement (or somewhere easily accessible) that does a prediction of when I'll pay the loan off. This could be based on the average of the past 3 payments or something equally suitable.

 **martinetherington**

Jul 9th 2009

Paragraph 3.7 of the discussion document is of concern.

Firstly it assumes someone with more than one job would have consistent earnings. These days this assumption is rarely true, especially amongst students and low income part-time workers. Therefore it would be difficult (or rare) for someone to accurately determine how much unused threshold they can apply to a second job.

Secondly to implement this I expect the IR330 will need to be changed with the addition of a box to enter a threshold to apply (if any) for the S SL tax code.

This will increase the compliance costs for employers. Employers who pay manually will need to remember to reduce the student loan repayment from the tax tables by 10% of the threshold each pay. This increases the room for errors.

It will also require a change to payroll software. There will need to be an additional field for the employer to enter the threshold to apply if the S SL tax code is used by an employee. Student loan repayment calculations will need to be modified, (i.e. made more complicated) to apply this threshold. This change would not be difficult, but it does add another bit of extra complexity.

The amounts involved will generally be small. The worst case scenario would be  $367/2 * 0.1 = \$18.35$  per week. I predict the average to be closer to \$5 per week. So in line with the goal of encouraging earlier repayment, keeping things simple and minimising compliance costs I'd recommend dropping this feature.

 **waiholawoman**

Jul 16th 2009

I don't see the relevance of getting two statements a year. I'd rather be able to log in and check progress myself, and get an end-of-year statement so I can see how much I've paid off.

I'd like a quicker process and less form-filling to change my personal details.

 **Simon**

Jul 21st 2009

I would be interested to know if IRD have considered a progressive repayment rate for student loans. I.e. the repayment percentage could increase at different levels of income.

For example:  
Income Marginal repayment rate

\$0-\$19,084 0%  
\$19,085-\$30,000 5%  
\$30,001-\$50,000 10%  
\$50,001-\$70,000 15%  
\$70,001- 20%

While this could increase the risk of students going overseas, it could also have a positive impact on repayment rates, and also make things easier for those on lower incomes. Higher admin costs too though, perhaps could be more integrated with the rest of the tax system (including matching the repayment rate thresholds with the income tax thresholds)?

An alternative would be to increase the repayment rate depending on the size of the loan. One could argue (although it would need to be confirmed by the actual statistics) that in theory the higher the loan size the higher the income that person would be earning. Doing it this way would also help out people in gcornes' position.

I also strongly agree with rhwilburn's suggestion on incorporating student loans with private banking systems, though there might be system integration and privacy issues (i.e. banks knowing how big people's student loans are) that could be challenging.

Thanks IRD for giving us the chance to comment.

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## Self-employed

 You miss an interim payment

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**What do you think about interest being charged from the first instalment date? Keep in mind that interest would only be charged if you are late with a repayment.**

[Go back to proposals](#)

 **robert1**

Jul 22nd 2009

It will be harder to make payments to the principal with interest applied from the start, you will find debt increases with longer whole debt repayment times. We should be supporting people in small businesses which are the life blood of the economy and the answer to the recession. I think it should stay the way it is so that people are only penalised if they don't pay the whole amount owing by the due date of the last installment.

 **jasper**

Jul 24th 2009

Small business owners are obliged to keep up with GST payments. There should be clear separation in dates to avoid hardship should the two fall due simultaneously.

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## Self-employed

### Underpaid at year-end

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**What do you think about repaying an underpayment at year-end by increasing the following year's interim instalments, instead of one lump sum at year-end?**

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 **robert1**

Jul 22nd 2009

That sounds sensible

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## Self-employed

### Financial hardship

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**Would you like to be able to get in touch with Inland Revenue through other electronic channels such as email or text message?**

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**robert1**

Jul 22nd 2009

Email yes

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## Examples for changes to borrowers who are self-employed or have other income

### Example: Overpayment

At the end of the year, Heather goes online to see her end-of-year position. She finds that her repayments during the year exceed her annual repayment obligation by \$550.

Under the current system, if Heather notices the overpayment while completing a tax return, she could get the overpayment refunded to her or she could apply it to her loan balance.


Under the new proposals, the overpayment could be refunded or applied to Heather's loan. If applied to the loan, she may be entitled to the voluntary payment bonus on this overpayment.

### Example: Missing a payment

Anjii is self-employed and is required to make three student loan payments of \$4,000 each throughout the year.

Anjii misses his first payment, which was due on 28 August. He makes the payment at the end of September. Under the current system, he is not charged interest until the third instalment date which is 7 May of the following year.

Under the new proposals, interest is charged from the date of the instalment that he missed. Anjii will be charged one month's interest (currently 6.8% per annum) on the \$4,000. The interest charged will be \$22.

 **Discussion: Late payment penalties apply only from the third instalment date which is 7 May.**

### Example: Interim instalments

William is self-employed. Last year he underpaid his student loan repayments by \$900.

Under the current system he would have to pay this all at once on 7 February of the following year (or 7 April if he had a tax agent).

Under the proposals, instead of paying the whole amount on the following 7 February (or 7 April), his following year's instalments will each be increased by \$300 to recoup the underpayment. By the end of the year he will have made up the shortfall.

 **Discussion: Repaying an underpayment through instalments rather than a lump sum.**

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## What would this mean for you?

If you don't make your first and second loan instalments on time, you'll be charged interest on the amount due from the dates they were due, rather than a late payment penalty from the final of the three due dates.

This change is to encourage borrowers to make regular payments rather than wait until the final due date to make a lump sum payment.

It means that if you're late with your first and second payments, you'll pay interest under the proposals.

 **Discussion: Late payment penalties apply only from the third instalment date which is 7 May.**

If you overpaid, you can get a refund or can apply the overpayment to the loan balance.

If you underpaid, you would pay off the debt in three instalments added to your regular loan payments, rather than paying it in one lump sum on 7 February (or 7 April if you have a tax agent). There would be no interest as long as you made your three payments on time.

 **Discussion: Underpaid at year-end.**

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## Self-employed

 Any other changes?
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**Are there any other changes that you, as a self employed borrower, think we should consider? What services would you like to have available online to help you manage your loan account?**

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 [genegem](#)

Jul 15th 2009

Repayments should be purely voluntary for self employed with net earnings below \$10K pa.

 [robert1](#)


Jul 22nd 2009

If a student has a business and is struggling to make payments forcing them to pay will not help him pay the debt in the big picture. In business you need a cashflow to make a profit, By taking money he has to live on and do business with you have taken away his capacity to make money and therefore his capacity to pay money's owing.  
I suggest a higher income threshold for students in business or a time gap after study before they have to start repayments.

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## Overseas borrowers

 Do not pay in full

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**What do you think about replacing the penalty for late loan payments - which is currently equivalent to 19.56% per annum - with a significantly lower interest rate? The new rate would be somewhere between the 6.8% rate that overseas borrowers currently face and the penalty of 19.56%.**

**[Revised question]**

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 **mark**

Jun 25th 2009

woohoo, first on a national forum

Other than that, I reckon this will further discourage payments if the higher interest rates are not lowered back to the standard rate once payments have been caught up on.

 **phillippa2**

Jun 25th 2009

I think it would be easier to manage if the interest rate wasn't going to be so high. For some of us it is hard to try and find spare money to send home especially as it takes a while to get on top of things when first moving to a new country!!!

 **timmeH**

Jun 25th 2009

I think this is a terrible idea. Incentives, not penalties will be the only way to get people based overseas to try and pay in full. I cannot afford to make any payments back to NZ at the moment and increasing the interest just pushes the likelihood of me being able to do so even further away.

 **jacs15**

Jun 25th 2009

I agree that it is difficult to make the payments from overseas. If the aim in charging higher penalties is to encourage people to return home then why not offer an interest write-off if you return within the 3 year repayment holiday and work in NZ for a minimum time.

The repayment holiday is only available once so you would have to pay interest and penalties if you went back overseas, but it allows people to go on an OE, increase their CV selling power with overseas experience, and then encourages them to come home and put back into the economy.

In saying that, the interest rates are too high, going overseas to earn is sometimes the only option if you ever want to scrape up a deposit on a house too!

 **wilson**

Jun 26th 2009

I agree that it should be easier to make student loan repayments from overseas. How about web-based system that accepts foreign credit cards? This sounds simple; perhaps it is already an option that I don't know about!?

Paying back a little at a time is more feasible than sending chunks of cash

home and feeling gypped by banks and their exchange rates, wire fees etc... I also agree that incentives rather than increased penalties are a better approach to getting payments made on time. I would like better advice on overseas payment options from Inland Revenue.

 **spologa1**

Jun 26th 2009

I agree with Timmeh and Wilson. Incentives is more encouraging and also a better approach. I began making student loan payments from overseas via credit card and International online net banking and both payment options were discouraging, because not only do we pay for bank fees/ surcharges from origin and also at final receiving point/ branch. The thought of having interest ontop of our student loan and then having to take into consideration bank fees/ surcharges for overseas payments can be daunting. It seems like it is one step forward and two steps back.

More advice on simple overseas payment options from Inland Revenue is a must.

 **administrator**

Jun 26th 2009

Thank you for commenting on the topic of replacing the current penalties with an interest rate for overseas-based borrowers. You have highlighted an issue with the way we have worded the question and we would like to take the opportunity to clarify the question.

The original question was:

"What do you think about doing away with late payment penalties, and replacing them with a higher rate of interest? This would be applied to borrowers who haven't kept up with their repayments. The current late payment penalties are 19.56% p.a., and the interest under this proposal would be lower than this."

This has been replaced with a new question:

"What do you think about replacing the penalty for late loan payments — which is currently equivalent to 19.56% per annum — with a significantly lower interest rate? The new rate would be somewhere between the 6.8% rate that overseas borrowers currently face and the penalty of 19.56%."

Thank you for pointing this out to us.

 **mark**

Jun 27th 2009

To the administrator,  
I was emailed about your wording change of the topic, so it may be important for you to know that this wording change has no bearing on my original comment.

To clarify my first comment:  
The standard interest rate (without any penalties for late payments) would be 6.8%. The interest rate applied to those who are late on payments might hypothetically be 10%.

Here is my point: if someone is late on a payment and the interest rate applied to their loan becomes 10% accordingly, then it may be wise that the system would change their interest rate back to 6.8% once they have caught up on their payments.

If this didn't happen (ie they were stuck with 10% interest from that point onward) then this may discourage them from paying off their student loan.

 **Lou**

Jul 1st 2009

If you are living overseas, then you are exempt from the interest write-off that NZ residents get, so your student loan continues to grow. If you miss a payment and are charged a penalty, does it really matter much, considering that if your loan is a substantial one it is probably growing at a faster rate than you can pay it anyhow?

The change in penalty probably doesn't matter much to people who are not making their payments. I do agree that incentives might make a difference though. If I could get 3 years worth of interest written off, I'd consider returning home before the end of my 3 year payment holiday.

The proposal to move to more online interaction is encouraging. Being able to transfer money online directly from my overseas bank account to my IRD account (without having to go through my NZ account and pay extra fees) would be great.



**KiwiBird**

Jul 2nd 2009

I agree with others here - Incentives rather than penalties. It would make so many more pay - why not match what people pay over and above their minimum required payment? The debt that you would 'write off' couldn't possibly be more that which is currently written off or never paid.

Don't encourage young minds to stay overseas! It's difficult to pay from overseas - income isn't always regular. A carrot rather a stick may well be the answer! Why is it not one of the proposals?

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## Overseas borrowers



## Communication with Inland Revenue

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**Currently overseas borrowers have to call Inland Revenue which can be costly and also difficult given time differences. Also, it is hard for Inland Revenue to maintain the current address of many overseas borrowers. What do you think about moving from a letter and phone based service to an online based service?**

[Go back to proposals](#)



**phillippa2**

Jun 25th 2009

Much prefer online contact as it means we can contact IRD in our own time. Have found the secure email system good but sometime would prefer a more personalised response and would be better to go to our own email if possible. Also if the statements could be sent to email that would be extremely useful. thanks



**timmeh**

Jun 25th 2009

I can only echo the above sentiments, an online based system would be fantastic and would allow me to keep track of what is going on with my account. I haven't seen a letter or have any idea of the state of my student loan for close to 5 years now!



**jacs15**

Jun 25th 2009

I fully endorse this. Being on the other side of the world there is no way I am calling the IRD and waiting on hold spending money!

Internet banking has made banking so much easier, it is the logical step. I would love to actually follow what is going on with my loan...



**Rosarah**

Jun 29th 2009

Agree with all the above. An online system is the logical step forward as it would make staying on top of student loans so much easier, especially from Europe where the c.12 hour time differences make calling NZ during business hours fairly difficult.



**Lou**

Jul 1st 2009

This is a wonderful idea. As an overseas borrower I would like to be able to access all of my student loan and IRD account details, and to work with them in the same way that I do my NZ banking online.

I'd like to be able to cancel paper letters, view account balances, and see when payments are due by. Most importantly I would love to be able to transfer money online directly from my overseas bank account to my IRD account, rather than having to transfer to my NZ bank account first.

I also look forward to being able to communicate with IRD via email. Good work people!



Jul 6th 2009

 **Debsnz**

I agree totally with Lou above!

Also be great if communication sent by the IRD would go directly to my email address.

The more online functions the better!

I also think IRD should look at some incentive for overseas repayers, such as if I pay say \$1000 above my requirement the IRD rewards us such as the interest write off currently for residents, that would help many of us to pay these loans off quicker?

 **Nicholas**

Jul 8th 2009

I agree that online comms is a great move. Further, given the push from the likes of the retirement commissioner with the sorted.com website a facility to calculate an approximate end date for loan payments would be really cool. It helps people focus on goals (or perhaps helps make repayment obligations along with other considerations more realistic).

Sorted may also be interested in targeting people nearing the completion of loan repayments as this could well be an excellent time (given the income previously committed to loan repayments that will shortly be available) to suggest future retirement planning eg kiwisaver.

 **1upsetstudent**

Jul 16th 2009

If I had internet banking and if I could have used the internet to deal with IRD it may have saved me the grief I now have and the situation of not wanting to pay them back the rest of what I supposedly now owe. Last year they increased what I owed from \$3000 to \$7900 because they decided after 7.5 years that I was now considered an overseas student for the whole period despite having property in NZ, a child under 16 whom I was paying child support for and a bank account and income tax being paid, The extra interest is despite the fact I had been making regular payments and had not missed payment dates on more than maybe three payments in 8 years and I was paying at a rate far above what I had been asked to pay! How many NZ students can say the same? Yes IT IS nearly \$4000 in INTREST! Are they going to get it? No. Would they have got the rest of their money if not for this? Yes. Now the point is mute as I don't have an income, I don't have a child under 16 in NZ, I don't have NZ property anymore, I don't have a job and I don't have the same desire to be an honest and upstanding NZer. I did want to get home some time, but the IRD have KOed that. I love the country but the IRD not so much!!!

 **waiholawoman**

Jul 16th 2009

Go online. Keep it simple, make it work.

 **thar**

Jul 23rd 2009

I live in Australia and have successfully been paying my loan with the current system by using my credit card. The only problem I had was with the ird site changing their site map several times and moving the payment section, which increasingly became harder find on the website even after a search. This issue has been resolved.

I can also appreciate that the IRD Bank has recently dropped their percentage loading on credit card payments, so when I load up my card I don't have additional fees charged to another bank on top of interest.

Here's my problem - I have on multiple occasions emailed the enquires section and never recieved a response! Not even an automatic response. The only foresee change is an automated response - but who will answer the question?





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## Examples for changes for people living overseas



### Example: Managing your loan while overseas

Manu has graduated and goes on his OE. He checks his student loan balance online while he's away.

Under the current system, if Manu needs to speak to an Inland Revenue officer he needs to make sure that he calls during Inland Revenue's office hours. This could be inconvenient for him given international time differences. It could also be costly for him to have to make international calls. If Manu plans to move around a lot, it could be difficult for Inland Revenue to send him mail.

Under the new proposals, he can go online and manage his account whenever it suits him.



### Discussion: Who manages my loan?



### Example: Non-payment of loan while overseas

Peggy graduated and went on her OE three years ago. The three-year repayment holiday Peggy arranged before she left has recently ended, and she now has a repayment obligation. She does not make payment.

Rather than the late payment penalties of 1.5% per month that currently apply (which add up to 19.56% per annum), Peggy is charged a higher interest rate on the missed payment. This rate will be higher than the current 6.8% rate applying to overseas-based borrowers, but lower than the annual late payment penalty rate of 19.56%. The higher interest rate will continue until she has paid the outstanding amount.



### Discussion: Do not pay in full

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## What would this mean for me?

You would still be penalised if you missed a payment but the penalty would be based on interest and would likely be less than the current late payment penalties.

**Discussion: Do not pay in full**

You would have less correspondence with Inland Revenue because you could do more online, quicker and easier. You could monitor and manage your account online—including updating your contact information and making payments.

**Discussion: Who manages my loan?**

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## Overseas borrowers

 Any other changes?
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**Are there any other changes that you, as an overseas-based borrower, think we should consider?**

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 **tamatea**

Jun 25th 2009

Interest charges for overseas borrowers should be CANCELLED! I am paying back my loan under the amnesty scheme and meeting my obligations, but due to interest charges I am not making any impact on the loan capital. I hope to return to live in NZ one day, but this idea of charging overseas based borrowers interest means I will end up with an ever increasing loan which makes this return more and more difficult.

As one of the 'guinea pig' generation I was charged interest on my loan while studying and my loan has increased exponentially over the years. Now that the goalposts have moved, borrowers from my generation who have moved overseas to try and pay off their loan are seeing no benefit at all. An unfair and unjust system in summary. Stop interest charges and let people start paying their capital instead of being marginalised and exiled.

 **jacs15**

Jun 25th 2009

I think there should be a rethink on the charges for overseas borrowers.

I understand the idea is to incentivise working in NZ vs overseas but there needs to be a better way.

If the 3 year repayment holiday was interest free if you return at the end of it and work for a minimum period, this would work for me!

I think this would be an incentive for a lot of people who are planning to come home at some point, but see the over inflated housing market and massive loan as a huge negative.

 **annap**

Jun 26th 2009

I am currently living overseas and paying back my student loan via voluntary repayments. I disagree with the fact that overseas borrowers are being charged 6.8% interest because they don't live, work or study in NZ.

I think the system should be changed so that if you are making regular repayments on your loan, whether you live in NZ or overseas, that the interest is wiped. I think that this would encourage people in my situation to pay off their loans, rather than simply trying to 'forget' about them as we feel we are being treated unfairly.

I understand that loans carry the burden of interest, but it seems unfair that the rate is set so high...especially in the current economic climate.

The NZ government may think that they are encouraging people to move back to NZ with the lure of interest free loans, but in reality all it is doing is making us stay away in countries where we can earn more money.

With the interest rate set so high I think that the NZ government can forget about getting money out of many overseas based borrowers.

 **The\_Forgotten**

Jul 1st 2009

I too was part of the "guinea pig" generation, so when I had finished my university education my loan had already risen by 25%. Ever since leaving

university I have paid all of my required re-payments while working in New Zealand and now that I am working overseas. I have never missed one repayment and have been charged interest at 7% from day one. Consequently, I currently have a loan which is effectively 70% interest and slightly more than I ever took out. How are people like me supposed to make a dent in our student loans? No wonder I, along with many other people, have no incentive to come back to New Zealand when we have been hammered with interest charges over the years.

Most New Zealanders, whether they go overseas to travel or work, return with enhanced skills that help New Zealand to grow as a country and compete internationally; how is this justification for charging them 7% interest while they are overseas? To me, as they always do, the government and the IRD have missed the point for overseas borrowers and the "guinea pig" generation.

In conclusion, the interest on these loans is ridiculous, unjust and unfair, especially given the current benefits New Zealand based borrowers receive. The interest should be written off or reduced!

 **jyotika**

Jul 10th 2009

The way student loan case is handled in NZ is absurd. I went to Uni in Auckland and for 5 years no one would give me a job because I was a beginning teacher. This is really frustrating. How can a person be experienced unless and until they are offered a job. I had to move overseas as it is much easier to get a teaching job in overseas than in NZ. I paid my student loan while I did relief teaching mind you I never got paid during two weeks break and 6 weeks break. I was told that once I move overseas I will have to pay \$2000 per month whether I will be working or not! Why should I pay so much when I was not offered a job in NZ. They should not penalise overseas borrowers like this. I did take the 3 year holiday option but my loan will increase like as if it's a house loan. I think it is not fair to put student loan borrowers under such pressure. there should not be any interest charged at all.

 **waiholawoman**

Jul 16th 2009

Scrap the interest for overseas borrowers. Basically you are penalising people because of where they live. Many New Zealanders want to come back one day and contribute to the economy. What use is a graduate in New Zealand anyway, without the work experience they can get overseas? Why should you be punished for broadening your work experience? I wouldn't be able to do the work I'm doing now for a NZ government department if I had stayed in NZ after I graduated. I paid off (some of) my loan from Australia and hated the hassle of sending money over to the NZ and the extra costs involved. It also made me feel less loyal to NZ that I was being charged interest, while people who were staying in NZ didn't have to pay it. I got over it because I love my country. I'm home now and not paying interest and my loan is being paid off so much faster. Think about it, it makes sense. Imagine if everyone overseas could pay off their loans faster - less admin costs for the IRD and more resources freed up.

 **GiveUsABreak**

Jul 17th 2009

I live in Oz along with many other kiwis who have student loans. I am now repaying my loan under the amnesty scheme but it took me 9 years to start repaying. Obviously the interest is now huge, more than doubling my initial loan as I was also part of the "guinea pig" generation. I know loads of people who never signed up when the amnesty was on & never intend to pay a cent on their loans. (Big or small).

Why wouldn't you offer a once off collection 'promotion' to gather up as much of the cash you're likely never to see. Something like an interest free payback option. 3/6 month offer of a % interest credit on all loans paid in full during that period. A lot of people would jump at the chance to get rid of it once and for all especially those who currently pay nothing & never intend to.

Currently I have a \$40,000 loan & pay the minimum \$1500 per 6 months which doesn't even dent my interest. It's going to take years for the government to get back what I owe, if the loan doesn't outlive me. If I could pay \$25,000 tomorrow to have it gone for good I would.

I know we all signed a legal document to pay back with interest (I was 18) but isn't something better than nothing? Under the current scheme IRD will not see a cent of so many loans, they will just keep getting bigger & the intention to pay will not change unless there are big incentives. While there is a way to get away with not paying people will continue to not pay, or pay the minimum

amount.

Even if its \$2,000 or \$5,000 someone owes, isn't reclaiming even just the principal from such an offer a huge injection of cash that otherwise would never be re-paid. How much cash do you think you could get back in 1 month alone with an offer like that? ...Try it!

 **kazza04**

Jul 20th 2009

I agree with the other comments, I live in Australia and have been making the obligatory repayments, last year I paid \$2,000 but was charged \$1,900 interest, how am I ever going to be able to pay it back? The interest rates are just huge.

Where's the incentive for me to make additional payments on the loan, when all I am paying is the interest? It also doesn't encourage me to return to NZ as there's no way I would make as much money as I do over here so it would probably still take me forever to pay off the loan.

 **phillippa2**

Jul 20th 2009

These are great comments i agree with 'give us a break' and those who mentioned the "guinea pig" situation as i too was charged interest while at uni.. no idea how i was meant to pay that off, then the year the interest free came in - was the year i left NZ!!! I had only just started to make a dent in my capital on my loan and now i am virtually back to where i was when i left uni. And my interest figure is scary.. why should money be made off us when we are trying to get an education and better ourselves which eventually in the long run is going to help NZ. I am always promoting my favourite NZ products to local stores in Australia and am gaining great experience and knowledge that i hope to bring back one day.

Unless the interest is scrapped and agree with incentives to make any payment rather than none...(and for it to be easier for overseas borrowers to make payments) then there is more chance we will feel we want to. I too want to come back to NZ one day but at this stage my student loan is a big consideration as to whether i will ever be able to!? Its something that I often think about and wonder how I can better deal with it...

A specialist overseas borrower team at IRD might be useful to look into ways people can better manage their loan?!

 **sad**

Jul 22nd 2009

Why do get punished just because we paying off from overseas ??? I really did not want to leave NZ if I could get a job.  
I know many people who have loans and 95% of them are not paying a cents. And their view was because of the interest rate they will never be able to pay off . we ware charged with interest rate while even studying. On the other hand I am on a very hardship and tried to pay my minimum payment but constantly charged with interest and all other kinds of fine and penalty. Even my parents gave me 10,000 dollars so I can pay voluntary repayment. After all this now my loan amount is more than I took. So the bottom line is : If you are good person in this world – you MUST suffer. Look at those who don't even have intention to repay. They are enjoying their life. On the other hand I am walking to work in this cold weather, have no savings money to buy even a good warm cloth. no car, no tv, no social life. When ever I save money to buy something, I end up repaying the savings to IRD. Loan is a big burden. By the time I will repay the full amount it will be three times the original. Who knows I might even die by then, because I feel so depressed and sick when I think about it. I had a dream that one day I will be a mum, start of my own family. But not any more. How can I afford a kid when its hard to survive myself. Sometimes I think my biggest mistake was studying in Uni. I wish I did not go to uni and took student loan. Whats the point of getting good education???

Suggestions :

1. Interest write off for overseas based. Why we have to get punished for repaying? If not, than good on those people who forget about the loan and never repay, not getting punished. No repay, no worries.
2. Introduce voluntary repayment bonus. In Australia they give bonus on voluntary repayment. Is there such a good thing exist in NZ? Please let me know. If not please make this happen. I am sure after moving to such a good idea all the people will be more encouraged to repay their loan. It will help the both parties.

Bonuses Example:

<http://www.ato.gov.au/individuals/content.asp?>

doc=/content/00154060.htm&page=29&H29

3. Tax deductible student loan repayment. Whatever student loan we repay it should be tax deductible from our income. Especially who are living in Australia. IRD can send the loan amount to ATO. So we don't have to pay huge tax and the bank fees to send the repayment money back to NZ. Its just too much. Australia and NZ already has good mutual agreements so why don't they just implement it in good stuff.

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## Online services



### Communication with Inland Revenue

**Would you like to be able to get in touch with Inland Revenue through other electronic channels such as email or text message? Would you still want the option of being able to contact Inland Revenue by letter or phone? If you could access all your student loan information securely online, would you be happy for Inland Revenue to stop sending you this on paper?**

[Go back to proposals](#)



**OzboiNZ**

Jun 24th 2009

Email and text would be great. Your phone system is currently a joke, so alternative channels would be nice.

Do stuff online? Sure. Just make sure I can do "everything" online, in one place, with one username and password. Dont bounce me around from product to product and if you guys already have the info, the why oh why do I have to type it in again?

Turn off the paper? Pleeeeeeeeeeeeeeeeeeeeeeeeeeeeeeeeeeeease. If I want a statement Ill come get one. If I get something wrong at the end of the year, I expect you guys will tell me anyway.

Save some trees. Be good to your mother. Tips to live by.



**jeremy**

Jun 24th 2009

Yep agreed. I think one login across govt would be great for this. Make sure you publish the cost/benefit analysis on this we as taxpayers care about that sort of stuff...

I would expect the contact centre and processing costs to dramatically reduce and your phone service to improve.

Its really important though that you don't just do this for SLoan stuff but for all IRD stuff as I don't want to see envelopes and your postal bill for the year must keep NZ Post afloat....

Save us taxpayers money, make your services more accessible and more indepth via a working online model.. Happy to provide feedback / UAT if you want



**ruralgirl**

Jun 24th 2009

I think the online services are great - and about time. Stop sending student loan statements please, instead use your resources to funnel people toward online communication. This would save IRD money, trees and is a better service to student loan holders.

In the 15 years I have held a student loan I have never retained a student loan statement and recieving one has never changed my repayment behaviour. Surely that shows that quaterly statements are neither required nor wanted by at least this one loan holder.



**PhilipA**

Jun 25th 2009



Providing the option to stop paper payments would be a long overdue change.

As a student who is still studying and thus has contact with both Studylink and IRD, I receive many statements from both organisations. It leads to a sort of fatigue where you stop paying any attention to the barrage of envelopes you receive.

It would be much more effective to allow borrowers to check their balances online, and reserve sending out an actual paper document for matters which require attention by the borrower (underpayments, penalties, etc) or for significant and important changes to the system (a change in repayment threshold, change in interest rate, etc).

This would ensure that the paper documents are taken seriously rather than being dismissed as yet another statement that people don't care about.

 **blair\_liffy**

Jun 25th 2009

Online is definately the way to go. Although with the current system it takes a month for your payments to appear on your balance and that is very slack. It needs to work like a bank account where transactions are immediate or the following day.

 **kris**

Jun 25th 2009

Great idea. Integrate all the online systems, as OzboiNZ said, so one login enables us to do everything in one place. Add some inter-department cooperation behind the scenes, for example the Ministry of Social Development sent me a rather threatening letter recently advising of discrepancies between its data and IRD's. As it turned out, they thought I was still employed by one employer, which I was not, and they could have easily found this out from IRD (whose data clearly showed I was no longer receiving income from said employer). Instead both myself and my previous employer had to go around in circles to clarify a simple error. Reserve phone calls only for exceptional cases, and snail mail only for important notifications, sending in evidence etc. Phone numbers that are retained should be free from mobile phones also, students at uni all day may not have access to a landline until outside of office hours, which can be frustrating and/or expensive if they have to make a toll call on a mobile phone at uni.

 **Planet**

Jun 26th 2009

This is a huge milestone, finally!! Agree with comments above please save taxpayers money. And yes, it would be great to have this service across the rest of IRD communications. It's not only efficient in the long run but cost effective!

 **bangsie2**

Jun 29th 2009

online would be really great. i really dislike the current phone system, it is ridiculous how long you have to wait. i currently use the limited online services that there are and they are really great. had a really quick and helpful response to my last email query, was alot more helpful than waiting for half an hour on the phone.

i agree with alot of the above comments, making sure that if it moves to online that everything is available and easy to navigate would be great. current system is very slow.

 **rbar**

Jul 6th 2009

I agree that an online system would be great, as long as it is efficient, accessible 24/7 and cuts down the time involved for users in interacting with IRD and improves IRD's telephone service.

 **alanajane**

Jul 8th 2009

I find online services to be a excellent resource to monitor my student loan information, I make voluntary repayments as well as using the MSL tax code and the online services helps me to keep track of all my payments.... Text

updates would also be beneficial too

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## Online services



## Who manages my loan?

1 [Next >](#)**What services would you like to have available online to help you manage your loan account?**[Go back to proposals](#)**ras90**

Jun 25th 2009

Good idea to have the ability to make voluntary repayments online.

**waiholawoman**

Jul 16th 2009

One department to rule them all. Why do people have to deal with both Studylink and the IRD?

**jasper**

Jul 24th 2009

Payment. In local country through internet banking (in that currency). Not via credit card, and at (or very close to) the current exchange rate.

Keep it government run. No more Student Loans Ltd. issues.

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## Online services

 Any other changes?
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**Are there any other changes to online services that you think we should consider?**

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**shorti1001**

Jul 15th 2009

One linked password to access information via Studylink and IRD would be great!! Also, I seem to find that I can only use IRD and Studylink websites on Internet Explorer, not Firefox. It would be great to have this sorted!

**thar**

Jul 23rd 2009

When does the proposed scheme go to back to Parliament? Ideas, promises and a proposal have been made with not one suggestion of a date as to when this new legislation may come into fruition if at all before 2010.

**jasper**

Jul 24th 2009

It can be extremely difficult to calculate interest events. It would be useful to calculate loan balances by month/week/year to allow for fine budgeting and payments to negate interest as much as possible.

It is not currently possible to assess how much to set aside based on an overseas currency, and what effect this will have on your loan in \$NZD. Whilst I appreciate that the manner of the official cash rate can only be retroactive to the last tax year, it would be useful to provide a tool or a rate which can effectively allow financial planning and likely loan payments for the year.

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## What would this mean for me?

You could access your account information more easily rather than receiving printed statements. You could correspond with Inland Revenue online rather than by phone or mail if you wished.

You would require internet access to monitor and manage your account.



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## Employees



Repayment threshold – the income level at which you must start paying back your loan

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**What do you consider to be the advantages and disadvantages of a pay-period threshold? Keep in mind that this proposal could mean that students who work in their holidays, or borrowers who work for part of the year only, might have to make repayments.**

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**bartybird**

Jul 14th 2009

Taking out student loan repayments on a weekly or fortnightly basis without considering the overall annual income is only going to hurt those on already low incomes - these would appear to be the main group of people captured by this policy change. At that desperately low income level, any additional earnings will be needed in the household for basic living.

Employers will also have to spend additional time administering this method



**genegem**

Jul 15th 2009

Nobody earning under \$35K pa should be required to repay student loans.



**genegem**

Jul 15th 2009

Nobody earning under \$35K pa should be required to repay student debt. Let's get real here - the purpose of tertiary education is to gain high paid jobs and \$35K is nowhere near high paid.



**shorti1001**

Jul 15th 2009

I receive an allowance and also work part-time and I just manage to scrape through any given week and also to save a few dollars each week. I fear this change will inhibit those that do not receive an allowance and rely on work hours to get through any given week let alone save.

I work in excess of 70hours/week during summer breaks in efforts to pay rent over the break as well as save for the coming year, just like a lot of students. To have pay deducted from hard-working students simply trying to plan ahead is actually quite foolish. How can they be expected to make compulsory deductions after tax, savings/kiwisaver and paying rent, power, internet and feeding and clothing themselves?

I feel that imposing this on students raises the likelihood of other, perhaps less 'taxable' avenues being used to find an income they can live off. Compared with other countries, NZ has a pretty good system right now. So why make studying harder for everyone?

On top of this the 2009 Govt. Budget removes my scholarship. Luckily I have savings from the Summer...



**lc16**

Jul 16th 2009

To be honest, the amount we get for a student allowance is not a lot. It is not

really enough to live on. This means most people try and earn as much as possible over the holidays. It would be very unfair to cut this down, when it really is the government's fault that we even have to do that. If we had enough to live on during the year, then it wouldn't be such a big deal. I do not agree with this change at all.

 **waiholawoman**

Jul 16th 2009

I think this policy change would be detrimental to students who are trying to work hard and save money over the holidays so they can scrape through the next year with a good quality of life. It is hard enough to study full time and work a part-time job, without having some of that essential cash taken away from you during the one time in the year you can make some ground. Keep it the way it is so that once you have graduated or left study and are earning, you can start to pay it back. It's not fair to put more burdens on people who are trying to improve themselves but facing a financial struggle to do so.

 **ticktac01**

Jul 16th 2009

Despite the negative feedback regarding this proposal, it has several positive qualities.

Students that receive over the threshold would make repayments - meaning that they have less to pay off after graduation. Generally, graduates like the idea of traveling and gaining work experience from different countries. However, due to a massive student loan, their time overseas is limited (if they don't want to pay interest) OR they pay interest once the specified timeframe has expired. In other words, graduates must stay in the country until they have paid their student loan, or they end up paying an extra amount for being overseas for too long.

There is a generalization that all students are poor - which is not too far from the truth. but once they graduate, they are immediately faced with the reality of repaying a ridiculous amount of money. Paychecks would be forever-deducted until the loan is paid off. Yet, isn't that the time when a person needs money the most? e.g. to buy a house, to start a business etc. Neither example is possible without repaying a student loan first.

This proposal would stabilize a person's future faster. It seems inconvenient in the short-run, however, when looking at the bigger picture, this helps the students just as it helps the government.

 **sbvh**

Jul 17th 2009

It doesn't make sense to have to make student loan repayments over work done to accumulate funds for the coming university year. Students will only have to borrow more in the university year then they have otherwise. Who will benefit from this change in policy?

 **krystalh**

Jul 21st 2009

I think that you should just stick with the current system, it seems to work fine. As an employee I like how my work just takes it out each fortnight, and I don't worry. I would'nt want them to have to increase admin etc. I am not interested in knowing how much I own on my student loan on a fortnightly basis, finding out yearly is enough.

 **claire**

Jul 22nd 2009

I completely disagree with a pay-period assessment of repayments. Many people, for a whole variety of reasons, are forced to (eg casual employees who get whatever work they are given) or choose to work varying hours each week knowing that in one pay period things might be tight but they will get by from increased pay the next period, or later on in the year.

A yearly assessment of repayments is the fairest way to take into consideration the fact that people don't and can't live on a week to week basis.

This seems to be further National Government bullying of people on low wages, casual employees, students, single parents and others who don't fit their model citizen profile

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## Employees



Repayment threshold – the income level at which you must start paying back your loan

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**What do you consider to be the advantages and disadvantages of a pay-period threshold? Keep in mind that this proposal could mean that students who work in their holidays, or borrowers who work for part of the year only, might have to make repayments.**

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**jeremy**

Jun 24th 2009

I have a student loan and think this is fair as long as the compliance burden is not excessive... ie lets make sure its not going to cost the taxpayer more than is made on it



**stu**

Jun 25th 2009

Surely it makes little sense for students to have to make compulsory repayments whilst still studying? I think (as a student with a student loan and student allowance) that this penalises those who wish to work during the holidays in order to support themselves during the academic year.

If you receive a student allowance you are only allowed to earn \$185 pw on top of your allowance (roughly \$380pw). Most summer jobs pay more than this every week, so by forcing students into compulsory repayments, you are inhibiting their earning potential during the holidays to the same level as during semester. This provides disincentives for work from a student's point of view and will be an issue for employers trying to attract full-time student summer holiday workers, as students may fail to see the point in working 50 hours pw and only taking home the pay of 25.

From an administrative point of view, a pay-period measure may be the easiest way, but perhaps an amnesty on compulsory pay period repayments whilst one is still studying (including the summer holidays) through different tax codes for students working through the holidays whilst intending to return to study?



**ras90**

Jun 25th 2009

I am concerned about how this will effect working parents who may chose to work only part of the year. The new system would unfairly require them to repay their student loan even if their income is under the current annual threshold, which could cause unnecessary financial strain on some young families, particularly when childcare costs are also accounted for. I would also be concerned if parental leave payments were eligible for the pay-period threshold, as typically paid parental leave is rather limited. I think the current annual system effectively takes into account a range of different circumstances which may lead employees to work only part of the year (whether full time or part time).



**aegordon**

Jun 25th 2009

It is unfair to make students who are still studying pay back their student loans. Most students try to earn as much as they can over the summer holiday period so that they can pay things like their rent throughout the academic year when they don't have so much time to earn money. The \$160 a week from studylink does not go very far on its own and students have to have be able to supplement this somehow.

 kris

Jun 25th 2009

This proposed pay period threshold is ridiculous. While I agree that a yearly income threshold is fair, a weekly threshold is not.

Many students rely on full time work over the holidays, and work overtime if possible, so that they can finance their next year of study, and only work minimal hours (if any) part time during the academic year.

The proposed policy change means there will be a disincentive for students to work extra hours in the holidays (when they are most able to), and more pressure to earn up to weekly threshold during semester. This puts more pressure on students to find part time jobs with flexible hours, which can be difficult (especially considering today's economy), and those students will have less time to study.

The net effect of this policy proposal sees less money in students pockets to pay rent and other living expenses. The best off will be those who earn the under the threshold all year round, the worst off will be those who finance their entire year from holiday work - they receive a kick in the guts for trying to help themselves. NO students will actually benefit from this.

There is already existing policy to offer a voluntary repayment bonus, those who do have spare money are likely to take that option, students don't need another "tax" taking away more income, which they depend on to live through the academic year.

 mjc

Jun 26th 2009

I agree that a weekly threshold disadvantages those students who are trying to work to subsidise thier study. As a student ineligible for a student allowance and recieves no help from their family to study. I rely on every cent that I can earn in my summer holiday break to survive during the next year. My student loan only just covers my rent. I then have to work part time to eat, pay power, have internet and clothe myself.

By working over summer I can repay the overdraft that I have incurred in the previous year. I then try to save as much as pysicaly possible for the next year. This means I can try to keep my hours down during semester so I can actually do what I need to do which is Study.

If I had to repay my loan over the summer - I would be struggling even more with basic living costs than I am now. Any mid trimester break work that I did to bump up my funds for the coming semester would be reduced - I could not cope.

This change would just increase the hardships that are suffered by students who are trying to help themselves through their studies.

I think that this pay period threshold is a great idea for those who have finished studying and are working fulltime. How about students being able to have exemptions from this weekly threshold. Lets say a qualification long exemption from the weekly payment threshold? Or it doesn't apply to year's that you are recieving a student loan/allowance.

It is a good idea in theory for those that are working, but it severely disadvantages those students who are already struggling to survive and trying to work when they can to help themselves.

 Corin

Jul 6th 2009

These proposed changes are unfair and will increase hardship among students.

For students ineligible for an allowance, these changes increase the reliance on the student loan living costs to live as it decreases the value of working.

For students lucky enough to receive a student allowance, the maximum they can earn from a part-time job is \$190 so their income is already limited.

This change discourages students from earning extra income during less busy periods in favour of earning a fixed amount every single week.

This will only add to the stress of students in busy periods around the end of semesters.

Calculating the threshold on a weekly or fortnightly rather than a yearly basis will decrease the net income of most students especially those who work variable hours from week to week.

The principle behind student loans and the threshold is that tertiary education increases an individual's income. The state is then 'paid back' when the

individual is economically benefiting from that education. It is a mockery of this principle to increase the rate of repayments from students who have not completed their education and thus not in a position to economically benefit from it.

 **rbar**

Jul 6th 2009

I agree that this proposal will be more efficient for collecting loan repayments from full-time workers who are no longer studying full-time and are earning above the \$19K threshold.

It is patently unfair on students who need to work full-time over their holidays to earn and save enough supplemental income to pay for rent, food etc during the forthcoming year of study.

It is also unfair on part-time/casual workers such as sole parents, who may earn over the threshold in some weeks during the year, but overall come in under the threshold for repayments. It is usually these people who struggle to meet ends meet and unwarranted deductions from their weekly pays will prove a hardship.

I believe full-time students should be exempted from repaying student loans until they have completed their course of study and are working and earning a full-time wage above the \$19K threshold.

 **martinetherington**

Jul 8th 2009

In practical terms the repayment threshold is already implemented on a pay-period basis. It currently applies to any employee declaring one of the M SL, ME SL, S SL, SH SL or ST SL tax codes on their IR330 (tax code declaration), based on their expected annual earnings being over the annual repayment threshold.

If the repayment threshold is to be implemented on a pay-period basis regardless of the employee's annual earnings then all that is required is to remove the questions, "Is your annual income from all sources likely to be more than the student loan repayment threshold?" and "Is your income from your highest paid job likely to be over the student loan repayment threshold?" from the IR330.

This change will have no impact on payroll software. There will be no extra compliance costs for employers, and no reduction in compliance costs either.

It will result in less cash in the hand for those who have annual earnings under the annual repayment threshold but have fluctuating or periodic earnings and sometimes earn over the pay-period threshold during the year. If these 'extra' repayments exceed \$500 per year then they will benefit from the student loan repayment bonus.

To retain equity between employees and self-employed, I recommend the IR330 remains as is, so that those employees expecting to earn less than the annual threshold do not have to make repayments from their wages during the time they work. They can always choose to if they want.

 **alanajane**

Jul 8th 2009

I think there needs to be more of an incentive to pay back the loan faster... the voluntary repayment bonus is great but in all honesty if I pay back \$500 on my own accord what is a \$50 write off a \$38,000 loan.

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## Employees



Repayment threshold – the income level at which you must start paying back your loan

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**What do you consider to be the advantages and disadvantages of a pay-period threshold? Keep in mind that this proposal could mean that students who work in their holidays, or borrowers who work for part of the year only, might have to make repayments.**

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**harpinkath**

Jul 9th 2009

In the long run paying money towards your student loan every week you work over the threshold whilst you are still studying is ineffective and totally unfair to the majority of students who work extra during their holidays to save for textbooks and making living that little bit easier. It's hard enough as a student without having the extra worry of whether you are over the threshold in the holidays. Perhaps they should look at lowering the annual income threshold, but even that would sting new graduates who, in this current economic climate, earn little over the threshold (if at all).



**ali\_ham**

Jul 9th 2009

Most students do not earn enough while they are studying to pay rent etc; that is why we need living costs, and allowances. To make us pay back our loans at the same time as receiving them is counter intuitive. I totally agree with the comments that there should be a pay back amnesty for students (perhaps limited to full time students). In respect of the annual or weekly threshold, the annual threshold is consistent with other loan requirements. Will the parental income threshold for an allowance also change to weekly thresholds?



**gojojo**

Jul 9th 2009

I cannot support a proposal that has students required to repay their loan based on holiday earnings. Holiday earnings mean students can have the option of borrowing less money to support their studies. For financially independent (not getting any assistance from parents or other sources) students this is really essential to having a manageable loan at the end of their studies. Bear in mind that if you come from a background where there is no money, having a huge debt is a deterrent to studying. Being able to work in the holidays and use that money to reduce your borrowings helps you feel more in control of the situation and thus more likely not to be put off engaging in study in the first place. It doesn't make sense to enforce repayments that will simply drive up the level of borrowing. It assumes students just work for drinking money rather than for survival.



**emenlemon**

Jul 9th 2009 edited

I understand that debt that is beginning to burden New Zealand, but I also see - from a students point of view - the annoyance that will arise from student loan being deducted weekly. Being employed within the industry of hospitality, which I understand a lot of students are, our hours and thus our wage becomes determined by the extras we do and the shifts we are given. Therefore one week we may get one shift and earn less the given criteria, but the following week we may be given more shifts in order to restore the balance financially.

The flaw in the proposed system is that it does not allow for this balance to be

achieved. It deducts on the persons weekly income. It does not allow students to try to "get ahead" as the student is aware that if they earn "too much" they are liable for the repayment.

I will admit that I like the fact that the taxes would be spread over the year, but unfortunately it is a stab in the back of any shift or casual worker, or any student just trying to get ahead.

 **danielc**

Jul 9th 2009

I think that the new way of calculating the repayment threshold by making it a weekly/monthly calculation is relevant and useful for people who have finished their university studies and are working full-time all year round. For students who are still studying, it creates a burden and hassle as many students cannot work during term time due to study commitments and so work over summer. It would be a huge pain to have to somehow cover the shortfall seeing as I am not eligible for a student allowance and the student loan has living costs of a paltry \$150 a week.

 **bridgie**

Jul 9th 2009

Anybody who has been a student in the past 5 years knows it is tough, not the easy life that some people (usually non-students) like to make out. Not only are you faced with enormous stress to perform and juggle papers, whilst learning how to live away from the parental home and deal with bills and other new experiences, but you have to juggle 1 or more part time jobs and still can only afford sub-standard housing and food.

Ideally the government should be doing things that allow the country's future work-force to reach their full potential, and policies such as the student allowance help with this, though most of those people still need to work also, and it should be universal.

This new policy does not help students. It takes away income they are already managing to scrape in between studies, their only option is then to work more in their minimum wage jobs to try and make up the difference.

Many students including myself work a variety of odd jobs when and where they can, meaning their hours vary a lot from week to week. A large income one week, may be from several weeks work, and hence cross the threshold for repayment, but that is money that is also meant to support them for several weeks.

Different people have different circumstances and hence costs in their lives. Some people can live on very little rather well, others need more because they have medical conditions, live in different places, have other people to support, have mortgages or other debt to pay back etc. Why does the government keep giving disincentives for students to earn more? Why can't they let them earn as much as they need to without penalty? They are still paying tax and helping drive the economy with their part time work, often of huge value to small businesses with their often skilled but low payed employment.

 **rachelboyack**

Jul 14th 2009

I'm very concerned at the proposal to have current students pay back their loan during the holiday periods, while they are trying to save for the cost of their education. The students I have spoken to do not like this proposal one bit.

Rachel Boyack  
SANITI Student President

 **ragoggin**

Jul 14th 2009

Students shouldn't have to start making repayments on their loans while they are still studying, it's as simple as that.

 **tessa**

Jul 14th 2009

This is a bad idea. Those who are studying, but working intensely between semesters to actually decrease the amount they need to borrow to study, will be unfairly disadvantaged by this. I don't think those who are still studying should be subject to the weekly or fortnightly thresholds. In saying that, why should anyone? The way it works at the moment works just fine and seems fair. Is it a way to generate more income? If so you're doing it off the backs of those who can least afford it.

Did the people who thought this idea up have to pay between \$5,000 - \$15,000 per year on course fees alone?

In 1992 - The student loan scheme is introduced (By the way, all of us students love you people for that too! <shakes her fist at you>).

Back then \$150 would have been hard to live off, especially in major cities such as Auckland, Wellington etc.. but i am sure it was much more do-able then than in 2009. In 1992 the price of petrol was 94.8c look at the changes now where it is almost double that. The price of everything has gone up people!!

Now knowing the prices have risen by about double (you only have to take a look at milk, butter, bread and gas to see this is true), rent has escalated, course fees will more than likely rise year after year (by between 5% or 10% if your Uni or Poly applies for an exemption and wins) meaning students will borrow more because let's face it, unless you are fortunate enough to have a back ground where your have a great deal of money, saving up to pay for your fees before you enter tertiary studies will barely make a dent in your fees, you will ultimately need to get a student loan. and then when you start to work in the study break periods you will be further penalized.

We have hit a recession people!! People have lost their jobs, they WILL return to study, most will have kids (I'd love to see stats in that... I would have a field day!!) and will be upskilling in tertiary education so they can just "get a job" let's face it, you don't get much on living costs if you are not eligible for student allowance.

You would think that MSD (Ministry of Social Development) or IRD would have put more thought into the people who pay for them to have their jobs and not just, how to make the system easier for an administrative point of view.

It is not rocket science to figure out that a work capable/ready nation will help NZ bounce back from the recession in a way they NZ wont with out the work capable/ready nation.

I did wonder if this was a away to help people think twice before borrowing, therefore place themselves in debt, but then the reality of course fees slaps me... majority of the comment suggest that full time student be exempt. I saw comment of the hospitality industry where you get paid little 1 week and a lot the following week to balance it all out, those people will be penalized too? What about solo parents who need to earn extra for childcare, usually only needing to earn more that \$367 just to cover the childcare anyway.

I have had a huge rise in hardship application with my Student Association already, it's going to get worse with this rubbish.

I believe all the student leaders of NZ will agree that this is utter pooz! New Zealand was once a place i prided myself on, believing that we had the best country because our government and all the smaller government based agencies gave a damn about people who try to get ahead...


TUI should make a yeah right scheme!

Jo Hymers  
AS@U President  
Association of Students at UCOL

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## Overseas borrowers

 Do not pay in full

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**What do you think about replacing the penalty for late loan payments - which is currently equivalent to 19.56% per annum - with a significantly lower interest rate? The new rate would be somewhere between the 6.8% rate that overseas borrowers currently face and the penalty of 19.56%.**

**[Revised question]**

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 **mark**

Jun 25th 2009

woohoo, first on a national forum

Other than that, I reckon this will further discourage payments if the higher interest rates are not lowered back to the standard rate once payments have been caught up on.

 **phillippa2**

Jun 25th 2009

I think it would be easier to manage if the interest rate wasn't going to be so high. For some of us it is hard to try and find spare money to send home especially as it takes a while to get on top of things when first moving to a new country!!!

 **timmeH**

Jun 25th 2009

I think this is a terrible idea. Incentives, not penalties will be the only way to get people based overseas to try and pay in full. I cannot afford to make any payments back to NZ at the moment and increasing the interest just pushes the likelihood of me being able to do so even further away.

 **jacs15**

Jun 25th 2009

I agree that it is difficult to make the payments from overseas. If the aim in charging higher penalties is to encourage people to return home then why not offer an interest write-off if you return within the 3 year repayment holiday and work in NZ for a minimum time.

The repayment holiday is only available once so you would have to pay interest and penalties if you went back overseas, but it allows people to go on an OE, increase their CV selling power with overseas experience, and then encourages them to come home and put back into the economy.

In saying that, the interest rates are too high, going overseas to earn is sometimes the only option if you ever want to scrape up a deposit on a house too!

 **wilson**

Jun 26th 2009

I agree that it should be easier to make student loan repayments from overseas. How about web-based system that accepts foreign credit cards? This sounds simple; perhaps it is already an option that I don't know about!?

Paying back a little at a time is more feasible than sending chunks of cash



home and feeling gypped by banks and their exchange rates, wire fees etc... I also agree that incentives rather than increased penalties are a better approach to getting payments made on time. I would like better advice on overseas payment options from Inland Revenue.

 **spologa1**

Jun 26th 2009

I agree with Timmeh and Wilson. Incentives is more encouraging and also a better approach. I began making student loan payments from overseas via credit card and International online net banking and both payment options were discouraging, because not only do we pay for bank fees/ surcharges from origin and also at final receiving point/ branch. The thought of having interest ontop of our student loan and then having to take into consideration bank fees/ surcharges for overseas payments can be daunting. It seems like it is one step forward and two steps back.

More advice on simple overseas payment options from Inland Revenue is a must.

 **administrator**

Jun 26th 2009

Thank you for commenting on the topic of replacing the current penalties with an interest rate for overseas-based borrowers. You have highlighted an issue with the way we have worded the question and we would like to take the opportunity to clarify the question.

The original question was:

"What do you think about doing away with late payment penalties, and replacing them with a higher rate of interest? This would be applied to borrowers who haven't kept up with their repayments. The current late payment penalties are 19.56% p.a., and the interest under this proposal would be lower than this."

This has been replaced with a new question:

"What do you think about replacing the penalty for late loan payments — which is currently equivalent to 19.56% per annum — with a significantly lower interest rate? The new rate would be somewhere between the 6.8% rate that overseas borrowers currently face and the penalty of 19.56%."

Thank you for pointing this out to us.

 **mark**

Jun 27th 2009

To the administrator,  
I was emailed about your wording change of the topic, so it may be important for you to know that this wording change has no bearing on my original comment.

To clarify my first comment:  
The standard interest rate (without any penalties for late payments) would be 6.8%. The interest rate applied to those who are late on payments might hypothetically be 10%.

Here is my point: if someone is late on a payment and the interest rate applied to their loan becomes 10% accordingly, then it may be wise that the system would change their interest rate back to 6.8% once they have caught up on their payments.

If this didn't happen (ie they were stuck with 10% interest from that point onward) then this may discourage them from paying off their student loan.

 **Lou**

Jul 1st 2009

If you are living overseas, then you are exempt from the interest write-off that NZ residents get, so your student loan continues to grow. If you miss a payment and are charged a penalty, does it really matter much, considering that if your loan is a substantial one it is probably growing at a faster rate than you can pay it anyhow?

The change in penalty probably doesn't matter much to people who are not making their payments. I do agree that incentives might make a difference though. If I could get 3 years worth of interest written off, I'd consider returning home before the end of my 3 year payment holiday.



The proposal to move to more online interaction is encouraging. Being able to transfer money online directly from my overseas bank account to my IRD account (without having to go through my NZ account and pay extra fees) would be great.



**KiwiBird**

Jul 2nd 2009

I agree with others here - Incentives rather than penalties. It would make so many more pay - why not match what people pay over and above their minimum required payment? The debt that you would 'write off' couldn't possibly be more that which is currently written off or never paid.

Don't encourage young minds to stay overseas! It's difficult to pay from overseas - income isn't always regular. A carrot rather a stick may well be the answer! Why is it not one of the proposals?

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## Overseas borrowers



## Communication with Inland Revenue

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**Currently overseas borrowers have to call Inland Revenue which can be costly and also difficult given time differences. Also, it is hard for Inland Revenue to maintain the current address of many overseas borrowers. What do you think about moving from a letter and phone based service to an online based service?**

[Go back to proposals](#)



phillippa2

Jun 25th 2009

Much prefer online contact as it means we can contact IRD in our own time. Have found the secure email system good but sometime would prefer a more personalised response and would be better to go to our own email if possible. Also if the statements could be sent to email that would be extremely useful. thanks



timmeh

Jun 25th 2009

I can only echo the above sentiments, an online based system would be fantastic and would allow me to keep track of what is going on with my account. I haven't seen a letter or have any idea of the state of my student loan for close to 5 years now!



jacs15

Jun 25th 2009

I fully endorse this. Being on the other side of the world there is no way I am calling the IRD and waiting on hold spending money!

Internet banking has made banking so much easier, it is the logical step. I would love to actually follow what is going on with my loan...



Rosarah

Jun 29th 2009

Agree with all the above. An online system is the logical step forward as it would make staying on top of student loans so much easier, especially from Europe where the c.12 hour time differences make calling NZ during business hours fairly difficult.



Lou

Jul 1st 2009

This is a wonderful idea. As an overseas borrower I would like to be able to access all of my student loan and IRD account details, and to work with them in the same way that I do my NZ banking online.

I'd like to be able to cancel paper letters, view account balances, and see when payments are due by. Most importantly I would love to be able to transfer money online directly from my overseas bank account to my IRD account, rather than having to transfer to my NZ bank account first.

I also look forward to being able to communicate with IRD via email. Good work people!



Jul 6th 2009

 **Debsnz**

I agree totally with Lou above!

Also be great if communication sent by the IRD would go directly to my email address.

The more online functions the better!

I also think IRD should look at some incentive for overseas repayers, such as if I pay say \$1000 above my requirement the IRD rewards us such as the interest write off currently for residents, that would help many of us to pay these loans off quicker?

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Jul 8th 2009

I agree that online comms is a great move. Further, given the push from the likes of the retirement commissioner with the sorted.com website a facility to calculate an approximate end date for loan payments would be really cool. It helps people focus on goals (or perhaps helps make repayment obligations along with other considerations more realistic).

Sorted may also be interested in targeting people nearing the completion of loan repayments as this could well be an excellent time (given the income previously committed to loan repayments that will shortly be available) to suggest future retirement planning eg kiwisaver.

 **1upsetstudent**

Jul 16th 2009

If I had internet banking and if I could have used the internet to deal with IRD it may have saved me the grief I now have and the situation of not wanting to pay them back the rest of what I supposedly now owe. Last year they increased what I owed from \$3000 to \$7900 because they decided after 7.5 years that I was now considered an overseas student for the whole period despite having property in NZ, a child under 16 whom I was paying child support for and a bank account and income tax being paid, The extra interest is despite the fact I had been making regular payments and had not missed payment dates on more than maybe three payments in 8 years and I was paying at a rate far above what I had been asked to pay! How many NZ students can say the same? Yes IT IS nearly \$4000 in INTREST! Are they going to get it? No. Would they have got the rest of their money if not for this? Yes. Now the point is mute as I don't have an income, I don't have a child under 16 in NZ, I don't have NZ property anymore, I don't have a job and I don't have the same desire to be an honest and upstanding NZer. I did want to get home some time, but the IRD have KOed that. I love the country but the IRD not so much!!!

 **waiholawoman**

Jul 16th 2009

Go online. Keep it simple, make it work.

 **thar**

Jul 23rd 2009

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I can also appreciate that the IRD Bank has recently dropped their percentage loading on credit card payments, so when I load up my card I don't have additional fees charged to another bank on top of interest.

Here's my problem - I have on multiple occasions emailed the enquires section and never recieved a response! Not even an automatic response. The only foresee change is an automated response - but who will answer the question?



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## Online services

### Communication with Inland Revenue

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**Would you like to be able to get in touch with Inland Revenue through other electronic channels such as email or text message? Would you still want the option of being able to contact Inland Revenue by letter or phone? If you could access all your student loan information securely online, would you be happy for Inland Revenue to stop sending you this on paper?**

[Go back to proposals](#)

 **OzboiNZ**

Jun 24th 2009

Email and text would be great. Your phone system is currently a joke, so alternative channels would be nice.

Do stuff online? Sure. Just make sure I can do "everything" online, in one place, with one username and password. Dont bounce me around from product to product and if you guys already have the info, the why oh why do I have to type it in again?

Turn off the paper? Pleease. If I want a statement Ill come get one. If I get something wrong at the end of the year, I expect you guys will tell me anyway.

Save some trees. Be good to your mother. Tips to live by.

 **jeremy**

Jun 24th 2009

Yep agreed. I think one login across govt would be great for this. Make sure you publish the cost/benefit analysis on this we as taxpayers care about that sort of stuff...

I would expect the contact centre and processing costs to dramatically reduce and your phone service to improve.

Its really important though that you don't just do this for SLoan stuff but for all IRD stuff as I don't want to see envelopes and your postal bill for the year must keep NZ Post afloat....

Save us taxpayers money, make your services more accessible and more indepth via a working online model.. Happy to provide feedback / UAT if you want

 **ruralgirl**

Jun 24th 2009

I think the online services are great - and about time. Stop sending student loan statements please, instead use your resources to funnel people toward online communication. This would save IRD money, trees and is a better service to student loan holders.

In the 15 years I have held a student loan I have never retained a student loan statement and recieving one has never changed my repayment behaviour. Surely that shows that quaterly statements are neither required nor wanted by at least this one loan holder.

 **PhilipA**

Jun 25th 2009

Providing the option to stop paper payments would be a long overdue change.

As a student who is still studying and thus has contact with both Studylink and IRD, I receive many statements from both organisations. It leads to a sort of fatigue where you stop paying any attention to the barrage of envelopes you receive.

It would be much more effective to allow borrowers to check their balances online, and reserve sending out an actual paper document for matters which require attention by the borrower (underpayments, penalties, etc) or for significant and important changes to the system (a change in repayment threshold, change in interest rate, etc).

This would ensure that the paper documents are taken seriously rather than being dismissed as yet another statement that people don't care about.

 **blair\_liffy**

Jun 25th 2009

Online is definately the way to go. Although with the current system it takes a month for your payments to appear on your balance and that is very slack. It needs to work like a bank account where transactions are immediate or the following day.

 **kris**

Jun 25th 2009

Great idea. Integrate all the online systems, as OzboiNZ said, so one login enables us to do everything in one place.  
Add some inter-department cooperation behind the scenes, for example the Ministry of Social Development sent me a rather threatening letter recently advising of discrepancies between its data and IRD's. As it turned out, they thought I was still employed by one employer, which I was not, and they could have easily found this out from IRD (whose data clearly showed I was no longer receiving income from said employer). Instead both myself and my previous employer had to go around in circles to clarify a simple error.  
Reserve phone calls only for exceptional cases, and snail mail only for important notifications, sending in evidence etc. Phone numbers that are retained should be free from mobile phones also, students at uni all day may not have access to a landline until outside of office hours, which can be frustrating and/or expensive if they have to make a toll call on a mobile phone at uni.

 **Planet**

Jun 26th 2009

This is a huge milestone, finally!! Agree with comments above please save taxpayers money. And yes, it would be great to have this service across the rest of IRD communications. It's not only efficient in the long run but cost effective!

 **bangsie2**

Jun 29th 2009

online would be really great. i really dislike the current phone system, it is ridiculous how long you have to wait. i currently use the limited online services that there are and they are really great. had a really quick and helpful response to my last email query, was alot more helpful than waiting for half an hour on the phone.

i agree with alot of the above comments, making sure that if it moves to online that everything is available and easy to navigate would be great. current system is very slow.

 **rbar**

Jul 6th 2009

I agree that an online system would be great, as long as it is efficient, accessible 24/7 and cuts down the time involved for users in interacting with IRD and improves IRD's telephone service.

 **alanajane**

Jul 8th 2009

I find online services to be a excellent resource to monitor my student loan information, I make voluntary repayments as well as using the MSL tax code and the online services helps me to keep track of all my payments.... Text

updates would also be beneficial too

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## Self-employed



## You miss an interim payment

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**What do you think about interest being charged from the first instalment date? Keep in mind that interest would only be charged if you are late with a repayment.**

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robert1

Jul 22nd 2009

It will be harder to make payments to the principal with interest applied from the start, you will find debt increases with longer whole debt repayment times. We should be supporting people in small businesses which are the life blood of the economy and the answer to the recession. I think it should stay the way it is so that people are only penalised if they don't pay the whole amount owing by the due date of the last installment.



jasper

Jul 24th 2009

Small business owners are obliged to keep up with GST payments. There should be clear separation in dates to avoid hardship should the two fall due simultaneously.

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## Self-employed

### Underpaid at year-end

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**What do you think about repaying an underpayment at year-end by increasing the following year's interim instalments, instead of one lump sum at year-end?**

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 **robert1**

Jul 22nd 2009

That sounds sensible

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## Overseas borrowers



## Communication with Inland Revenue

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**Currently overseas borrowers have to call Inland Revenue which can be costly and also difficult given time differences. Also, it is hard for Inland Revenue to maintain the current address of many overseas borrowers. What do you think about moving from a letter and phone based service to an online based service?**

[Go back to proposals](#)


**phillippa2**

Jun 25th 2009

Much prefer online contact as it means we can contact IRD in our own time. Have found the secure email system good but sometime would prefer a more personalised response and would be better to go to our own email if possible. Also if the statements could be sent to email that would be extremely useful. thanks


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## Overseas borrowers

 Do not pay in full

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**What do you think about replacing the penalty for late loan payments - which is currently equivalent to 19.56% per annum - with a significantly lower interest rate? The new rate would be somewhere between the 6.8% rate that overseas borrowers currently face and the penalty of 19.56%.**

**[Revised question]**

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 **mark**

Jun 25th 2009

woohoo, first on a national forum

Other than that, I reckon this will further discourage payments if the higher interest rates are not lowered back to the standard rate once payments have been caught up on.

 **phillippa2**

Jun 25th 2009

I think it would be easier to manage if the interest rate wasn't going to be so high. For some of us it is hard to try and find spare money to send home especially as it takes a while to get on top of things when first moving to a new country!!!

 **timmeH**

Jun 25th 2009

I think this is a terrible idea. Incentives, not penalties will be the only way to get people based overseas to try and pay in full. I cannot afford to make any payments back to NZ at the moment and increasing the interest just pushes the likelihood of me being able to do so even further away.

 **jacs15**

Jun 25th 2009

I agree that it is difficult to make the payments from overseas. If the aim in charging higher penalties is to encourage people to return home then why not offer an interest write-off if you return within the 3 year repayment holiday and work in NZ for a minimum time.

The repayment holiday is only available once so you would have to pay interest and penalties if you went back overseas, but it allows people to go on an OE, increase their CV selling power with overseas experience, and then encourages them to come home and put back into the economy.

In saying that, the interest rates are too high, going overseas to earn is sometimes the only option if you ever want to scrape up a deposit on a house too!

 **wilson**

Jun 26th 2009

I agree that it should be easier to make student loan repayments from overseas. How about web-based system that accepts foreign credit cards? This sounds simple; perhaps it is already an option that I don't know about!?

Paying back a little at a time is more feasible than sending chunks of cash

home and feeling gypped by banks and their exchange rates, wire fees etc... I also agree that incentives rather than increased penalties are a better approach to getting payments made on time. I would like better advice on overseas payment options from Inland Revenue.

 **spologa1**

Jun 26th 2009

I agree with Timmeh and Wilson. Incentives is more encouraging and also a better approach. I began making student loan payments from overseas via credit card and International online net banking and both payment options were discouraging, because not only do we pay for bank fees/ surcharges from origin and also at final receiving point/ branch. The thought of having interest ontop of our student loan and then having to take into consideration bank fees/ surcharges for overseas payments can be daunting. It seems like it is one step forward and two steps back.

More advice on simple overseas payment options from Inland Revenue is a must.

 **administrator**

Jun 26th 2009

Thank you for commenting on the topic of replacing the current penalties with an interest rate for overseas-based borrowers. You have highlighted an issue with the way we have worded the question and we would like to take the opportunity to clarify the question.

The original question was:

"What do you think about doing away with late payment penalties, and replacing them with a higher rate of interest? This would be applied to borrowers who haven't kept up with their repayments. The current late payment penalties are 19.56% p.a., and the interest under this proposal would be lower than this."

This has been replaced with a new question:

"What do you think about replacing the penalty for late loan payments — which is currently equivalent to 19.56% per annum — with a significantly lower interest rate? The new rate would be somewhere between the 6.8% rate that overseas borrowers currently face and the penalty of 19.56%."

Thank you for pointing this out to us.

 **mark**

Jun 27th 2009

To the administrator,  
I was emailed about your wording change of the topic, so it may be important for you to know that this wording change has no bearing on my original comment.

To clarify my first comment:  
The standard interest rate (without any penalties for late payments) would be 6.8%. The interest rate applied to those who are late on payments might hypothetically be 10%.

Here is my point: if someone is late on a payment and the interest rate applied to their loan becomes 10% accordingly, then it may be wise that the system would change their interest rate back to 6.8% once they have caught up on their payments.

If this didn't happen (ie they were stuck with 10% interest from that point onward) then this may discourage them from paying off their student loan.

 **Lou**

Jul 1st 2009

If you are living overseas, then you are exempt from the interest write-off that NZ residents get, so your student loan continues to grow. If you miss a payment and are charged a penalty, does it really matter much, considering that if your loan is a substantial one it is probably growing at a faster rate than you can pay it anyhow?

The change in penalty probably doesn't matter much to people who are not making their payments. I do agree that incentives might make a difference though. If I could get 3 years worth of interest written off, I'd consider returning home before the end of my 3 year payment holiday.

The proposal to move to more online interaction is encouraging. Being able to transfer money online directly from my overseas bank account to my IRD account (without having to go through my NZ account and pay extra fees) would be great.



**KiwiBird**

Jul 2nd 2009

I agree with others here - Incentives rather than penalties. It would make so many more pay - why not match what people pay over and above their minimum required payment? The debt that you would 'write off' couldn't possibly be more that which is currently written off or never paid.

Don't encourage young minds to stay overseas! It's difficult to pay from overseas - income isn't always regular. A carrot rather a stick may well be the answer! Why is it not one of the proposals?

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