

**Are you  
based overseas  
or planning to  
travel overseas  
in the future?**

Changes have been made to student loans, making it easier for you to stay on top of your loan while you're away.

You'll find an outline of all the changes and how they might benefit you here. For more information visit the student loan pages of our website at [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans).

**Interest free  
student loans and  
your statement  
of account**

If you are eligible for an interest free student loan, we have written off the interest charged from the first day of your 183-day qualifying period.

Your interest free write-offs appear on the last page of your statement under 'Statement of Your Account Activity'.

To ensure that you have the correct amount of interest written off, we have recalculated your interest. These adjustments also appear under 'Statement of Your Account Activity'.

It's a great time to

Check-in

on your

**Student Loan**

## Repayment holiday for overseas based borrowers

A repayment holiday of up to three years has been introduced for overseas based student loan borrowers. This means that while you're on a repayment holiday you don't have to make any compulsory repayments. Interest will continue to be charged on your student loan (the current interest rate is 6.8%), so it's a good idea to make voluntary repayments to reduce your loan balance.

If you go overseas after 1 April 2007 you'll receive a three-year repayment holiday automatically.

If you were overseas as at 1 April 2007 and have kept up-to-date with your repayment obligations, or have been overseas for less than one year, you'll also automatically receive a three-year repayment holiday. Your repayment holiday will be effective from 1 April 2007 and while you are on it, you will not receive a notice of assessment, starting with the 2008 period.

For all other borrowers who are overseas as at 1 April 2007, your entitlement to a repayment holiday depends on the length of time you have been overseas and if you have kept up-to-date with your repayment obligations.

You can choose to stop and restart your repayment holiday any time, up to the total amount of your entitlement.

## Repayment obligations for overseas based borrowers

If you are not on a repayment holiday, your overseas based repayment obligations will be:

If your loan balance is	Your repayment obligation for the year is
Less than \$1,000	Your total loan balance
Over \$1,000 and up to \$15,000	\$1,000
Over \$15,000 and up to \$30,000	\$2,000
Over \$30,000	\$3,000

Repayments on your student loan while you're based overseas are now required twice a year instead of quarterly. The due dates are 30 September and 31 March.

## Amnesty on late payment penalties

The amnesty on student loan late payment penalties has been extended until 31 March 2008.

The amnesty offers you the chance of a fresh start if you've fallen behind in your payments. If you're eligible for the amnesty, we'll reverse all of your late payment penalties.

### To be eligible you need to have been either:

- a non-resident for tax purposes on 31 March 2006 and had late payment penalties as at 1 April 2007 or
- overseas as at 31 March 2006 but haven't advised us that you've left New Zealand.

You need to apply for the amnesty before 31 March 2008 to avoid a one-off penalty being applied to your loan balance. The penalty will be either 5% of your total loan balance or the sum of your original late payment penalties, whichever is lower.

As part of your application, you will need to agree to keep up with your repayments for two years. Once you've met your repayment obligations you will also be entitled to apply for a three-year repayment holiday.

**To apply for the amnesty,  
complete the online application form  
at [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans)  
before 31 March 2008**

## Other key changes for all borrowers

### Effective as at 1 April 2007:

- The rules that determine which repayment regime applies to you have been made a whole lot simpler. From 1 April 2007:
  - If you are eligible for an interest free student loan, you are considered to be a New Zealand based borrower and need to repay your loan based on whether you earn a salary or wage, or are self-employed.
  - If you are not eligible for an interest free student loan, you are considered to be an overseas based borrower and need to repay your loan according to the repayment obligations for overseas based borrowers.
- The late payment penalty rate has been reduced from 2% to 1.5%, for all borrowers who fail to meet their repayment obligations.
- An information match between Inland Revenue and the New Zealand Customs Service has been introduced. This will help us to determine whether student loan borrowers are based in New Zealand or overseas. If you are going overseas for more than six months however, you are still legally required to let Inland Revenue know.
- Other interest write-offs (including full interest, base interest write-offs and interest reductions) for borrowers not eligible for an interest free student loan have been removed. However, if you think you may be entitled to these write-offs for tax years prior to and including 2007 you can still apply.
- Borrowers studying full-time overseas at an undergraduate level (level 7 on the New Zealand Register of Quality Assured Qualifications) may now be eligible for an exemption to the 183-day requirement for interest free student loans.

**For more information visit  
[www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans)**