



13 March 2025

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 28 February 2025. You requested the following:

*Inland Revenue Briefing Note BN2025/017: US Presidential Memo concerning the Global Minimum Tax*

*Inland Revenue Briefing Note BN2025/031: 2025-26 Student loan repayment threshold*

### **Information being released**

I am releasing, attached as **Appendix A**, document BN2025/031: *2025-26 Student loan repayment threshold* with redactions under section 9(2)(a) of the OIA – to protect the privacy of natural persons.

### **Information withheld**

I am withholding in full document BN2025/017: *US Presidential Memo concerning the Global Minimum Tax*, under section 6(a) of the OIA, to avoid prejudice to the security or defence of New Zealand or the international relations of the government.

### **Right of review**

If you disagree with my decision on your OIA request, you can ask an Inland Revenue review officer to review my decision. To ask for an internal review, please email the Commissioner of Inland Revenue at: [commissionerscorrespondence@ird.govt.nz](mailto:commissionerscorrespondence@ird.govt.nz).

Alternatively, under section 28(3) of the OIA, you have the right to ask the Ombudsman to investigate and review my decision. You can contact the office of the Ombudsman by email at: [info@ombudsman.parliament.nz](mailto:info@ombudsman.parliament.nz).

If you choose to have an internal review, you can still ask the Ombudsman for a review.

### **Publishing of OIA response**

We intend to publish our response to your request on Inland Revenue's website ([ird.govt.nz](http://ird.govt.nz)) as this information may be of interest to other members of the public. This letter, with your personal details removed, may be published in its entirety.

Publishing responses increases the availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies and promoting the accountability of officials.

Thank you again for your request.

Yours sincerely



Thomas Allen

**Domain Lead, Governance and Ministerial Services**

## Briefing note

---

Reference: BN2025/031

Date: 30 January 2025

To: Revenue Advisor, Minister of Revenue – Angela Graham  
Acting Private Secretary, Minister of Revenue – Mili Herrera  
Emma Grigg

From: Ella Patterson

Subject: 2025-26 Student loan repayment threshold

### **Student loan repayment threshold and payroll specifications**

1. On 28 January, Cabinet agreed to indefinitely freeze the current policy of adjusting the student loan repayment threshold by CPI, keeping the threshold at the current income level of \$24,128 per annum.
2. Attached to this briefing note are key messages intended to assist the Minister of Revenue if any questions arise. We have also provided these messages to the Ministry of Education to share with the Minister for Universities and the Minister for Vocational Education.

### **Release of 2025-26 payroll specifications**

3. Inland Revenue issues payroll specifications to payroll software providers. These allow payroll providers to ensure that their software reflects employers' tax and withholding obligations for the upcoming tax year (i.e. 1 April 2025 - 31 March 2026)
4. The payroll specifications will be released on **3 February 2025** (i.e. this coming Monday).
5. Once the payroll specifications are released, Inland Revenue will publish information about the freezing of the student loan repayment threshold on the student loan section of Inland Revenue's website.
6. Inland Revenue will publish an article about this matter in the Tax Information Bulletin.

Ella Patterson  
**Policy Advisor**  
s 9(2)(a)

### Freezing the student loan repayment threshold at \$24,128

#### Key messages

- The student loan repayment threshold sets the amount of annual income at which a New Zealand-based borrower is required to begin making loan repayments and tends to be adjusted for inflation annually.
- The repayment threshold was set at \$24,128 in 1 April 2024. Cabinet has agreed to freeze the repayment threshold indefinitely, so it will remain at that level for subsequent tax years, without inflation adjustments.
- This decision takes into account the current economic climate, the cost of the student loan scheme and the need to maintain careful Government spending.
- The approximate impact of a one-off freeze of the repayment income threshold for 2025/26 would be an operating savings of \$7.674 million over 5 years (from 2024/2025 to 2028/29) and an additional one-off increase in the value of the student loan asset of \$13.017 million in 2024/25. A continued freeze would multiply these savings.
- The inflationary effect on income means that the bulk of the savings will be generated by borrowers already over the repayment threshold.
- Our student support system aims to maintain high participation levels while balancing tertiary education costs for taxpayers and for borrowers.
- New Zealand is in the top five of reporting OECD nations for the share of students receiving public financial support, with nearly three-quarters of New Zealand tertiary domestic students receiving some form of publicly supported student loan or grant.
- The Government's contribution towards the cost of study is significant, at 82% in 2023. New Zealand also provides student allowances for those most in need and in their initial years of study.
- All New Zealand-based borrowers with a current repayment obligation (approximately 370,000 people) are effectively being asked to pay off their loans slightly more quickly.
- New Zealand based borrowers who are facing hardship meeting their repayment obligations can apply for a reduced deduction rate from their salary and wages.

#### Q&As

##### **Q. What is happening to the student loan repayment threshold?**

A: The repayment threshold is remaining at the current level and will not be adjusted by inflation. The decision to suspend inflation adjustments to the repayment threshold takes into account the current economic climate, the cost of the Student Loan Scheme asset to the Crown and the need to maintain careful spending.

Suspending inflation adjustment of the repayment threshold will increase the amount collected in repayments by increasing over time the amount that people repay as their income increases.

##### **Q. When does it come into effect?**

A: The repayment threshold was set at \$24,128 from 1 April 2024 and will remain at that level.

##### **Q. How much more will people pay as a result of this policy?**

A: On average people will pay an estimated extra \$1.20 per week in 2025.

**Q. Who does this affect?**

A: All New Zealand-based borrowers with a repayment obligation are effectively being asked to pay slightly more due to the freeze of the inflation adjustment of the repayment threshold.

**Q. How much will this policy save the Government?**

A: Maintaining the threshold at the same level for 2025/26 will have an estimated five-year operating saving of \$7.674 million and an additional one-off increase in the value of the student loan asset of \$13.017 million in 2024/25. A continued freeze would multiply these savings.

**Q. How long will the freeze of the repayment threshold last?**

A: Cabinet has decided to freeze the threshold indefinitely. This decision may be revisited when the fiscal situation improves.

**Q. Will the freeze impact overseas based borrowers?**

A: The freezing of the threshold adjustment will not impact overseas based borrowers as their student loan repayment obligations are based on the size of their student loan balance and are not income contingent.