

NOTIFY ME

Inland Revenue's student loan update

February 2018 • IR229



Student loan annual rates for 2018-19

The annual review of student loan interest, repayment threshold and significant over-deduction rates has been completed. All rate changes take effect on 1 April 2018 and apply to all student loan borrowers.

Interest

The interest rate decreases from 4.4% to 4.3%. Interest is applied to all student loans, but for New Zealand-based borrowers it is automatically written off.

Significant over-deduction

The threshold for significant over-deductions remains \$60 per month. A significant over-deduction can occur when student loan deductions from your salary or wages in New Zealand are more than needed to meet your pay-period repayment obligation.

Repayment thresholds

The annual repayment threshold increases from \$19,136 to \$19,448. That means the pay-period repayment threshold for salary or wages increases from \$368 to \$374 per week. Repayment thresholds determine when you need to start repaying your student loan.

Overseas-based borrowers instalment due 31 March

If you're an overseas-based borrower the second repayment instalment is due 31 March for the tax year 1 April 2017 – 31 March 2018.

This repayment instalment is based on your loan balance. For example if your loan balance is between \$1,000 and \$15,000 you need to pay two instalments of \$500 (30 September and 31 March).

If a lump-sum instalment is difficult to manage, remember we accept voluntary payments all year round. This gives you the option to stagger your repayments.

If you cannot meet your instalment obligation please contact us using Secure Mail in myIR to discuss your repayment options.

Find out more about how to make a payment at:
www.ird.govt.nz/makepayment/overseas/

Find out more about how much you need to pay at:
www.ird.govt.nz/studentloans/overseas/managing/



Inland Revenue
Te Tari Taake

Welcome to Notify Me

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If you have any suggestions for topics you'd like covered in this newsletter, email us at

StudentLoanNotifyMe@ird.govt.nz

Working while studying full-time

If you're a full-time student in New Zealand and working while you study, you may be able to apply for a repayment deduction exemption.

A repayment deduction exemption means you don't have to use the "SL" student loan repayment code and you won't have student loan repayments deducted from your pay.

To qualify you need to:

- be a full-time student, and
- be a New Zealand-based borrower, and
- expect to earn less than \$19,448 from all sources, including student allowance, during the tax year (1 April to 31 March).

You can apply under the 'My student loan' section in your myIR account.

If you qualify you'll get a repayment deduction exemption certificate as confirmation. Make sure you give a copy of the certificate to your employer.

For more information go to:

www.ird.govt.nz/studentloans/working/employed/student-loan-repayments-employed.html

