



ANALYSIS

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1993, No. 12

An Act to amend the Student Loan Scheme Act 1992

[1 April 1993]

BE IT ENACTED by the Parliament of New Zealand as follows:

1. Short Title—This Act may be cited as the Student Loan Scheme Amendment Act 1993, and shall be read together with and deemed part of the Student Loan Scheme Act 1992 (hereinafter referred to as the principal Act).

2. Interpretation—Section 2 of the principal Act is hereby amended by omitting from the definition of the term “penal charge” the expression “section 87”, and substituting the expression “section 86”.

3. New sections substituted—The principal Act is hereby amended by repealing section 32, and substituting the following sections:

“32. Repayment obligations of borrowers who become wholly non-resident borrowers—(1) Where a borrower ceases to be a resident after money is advanced to that borrower under the student loan scheme, the non-resident repayment obligation of that borrower shall, for any income year beginning after the income year in which the borrower

ceases to be a resident, be calculated in accordance with subsections (2) to (4) of this section.

“(2) In subsections (3) and (4) of this section, ‘non-resident income year’, in relation to any borrower, means an income year beginning after the income year in which the borrower ceases to be a resident.

“(3) Where the sum of—

“(a) The borrower’s IRD loan balance at the end of the income year in which the borrower ceases to be a resident; and

“(b) The total of any additional amounts that, under section 4 of this Act, are, in any non-resident income years, transferred to the Commissioner for collection,—

is less than \$15,000,—

the non-resident repayment obligation of the borrower, for a non-resident income year, shall, subject to section 32B of this Act, be the smaller of \$1,000 or the amount of the borrower’s IRD loan balance on the first day of the non-resident income year.

“(4) Where the sum of the balance referred to in subsection (3) (a) of this section and of the total referred to in subsection (3) (b) of this section is \$15,000 or more, the non-resident repayment obligation of the borrower for a non-resident income year, shall, subject to section 32B of this Act, be the smaller of—

“(a) One-fifteenth of that sum; or

“(b) The amount of the borrower’s IRD loan balance on the first day of the non-resident income year.

“32A. Repayment obligations of non-resident borrowers—(1) Where a borrower is a non-resident at the time when money is first advanced to that borrower under the student loan scheme, the non-resident repayment obligation of that borrower shall, for any income year beginning after the income year in which money was first advanced to the borrower under the student loan scheme, be calculated in accordance with subsections (2) to (4) of this section.

“(2) In subsections (3) and (4) of this section, ‘non-resident income year’, in relation to any borrower, means an income year beginning after the income year in which money was first advanced to that borrower under the student loan scheme.

“(3) Where the sum of—

“(a) The borrower’s IRD loan balance at the end of the income year in which money was first advanced to the borrower under the student loan scheme; and

“(b) The total of any additional amounts that, under section 4 of this Act, are in any non-resident income year transferred to the Commissioner for collection,—
is less than \$15,000,—

the non-resident repayment obligation of that borrower, for a non-resident income year, shall, subject to section 32B of this Act, be the smaller of \$1,000 or the amount of the borrower’s IRD loan balance on the first day of the non-resident income year.

“(4) Where the sum of the balance referred to in subsection (3) (a) of this section and of the total referred to in subsection (3) (b) of this section is \$15,000 or more, the non-resident repayment obligation of the borrower, for a non-resident income year, shall, subject to section 32B of this Act, be the smaller of—

“(a) One-fifteenth of that sum; or

“(b) The amount of the borrower’s IRD loan balance on the first day of the non-resident income year.

“32B. **Interest chargeable**—(1) Any interest that the Commissioner estimates will be chargeable for any income year on the IRD loan balance of a borrower to whom section 32 or section 32A of this Act applies shall be added to and shall form part of the borrower’s non-resident repayment obligation for that income year.

“(2) Where the interest chargeable for an income year on the IRD loan balance of a borrower to whom section 32 or section 32A of this Act applies exceeds the amount of the interest estimated by the Commissioner, the amount of that excess shall be added to the loan balance on the last day of that income year.

“(3) Where the interest chargeable for an income year on the IRD loan balance of a borrower to whom section 32 or section 32A of this Act applies is less than the amount of the interest estimated by the Commissioner, the amount by which the interest estimated by the Commissioner exceeds the amount chargeable shall be deducted from the loan balance on the last day of that income year.”

4. Repayment obligation for borrowers who are non-resident for part of income year—The principal Act is

hereby amended by repealing section 35, and substituting the following section:

“35. (1) Where a borrower is a non-resident for part, but not the whole, of any income year as a result of that borrower ceasing in that income year to be a non-resident, sections 31 to 34 of this Act shall apply in respect of that part of that income year, except that—

“(a) The amount of the non-resident repayment obligation shall be proportionately decreased to the same proportion as the number of days in the period bears to the number of days in a year; and

“(b) The non-resident repayment obligation shall be payable in such instalments as the Commissioner determines.

“(2) Where any borrower is a non-resident for part, but not the whole, of any income year, Part II of this Act shall apply to the borrower in respect of the period in the income year during which he or she is or was a resident, except that—

“(a) The amount of the repayment threshold for the income year shall be proportionately decreased to the same proportion as the number of days in the period bears to the number of days in a year; and

“(b) The amount of the base interest to which sections 39 and 40 of this Act shall apply shall be limited to the base interest chargeable for the period that the borrower is or was a resident.”

5. Periods in which interest write-off and interest reduction apply—Section 41 of the principal Act is hereby amended by repealing paragraph (b), and substituting the following paragraph:

“(b) In any income year in which the borrower has not, under section 4 of this Act, had a loan balance transferred to the Commissioner for collection:”.

6. Priorities—The principal Act is hereby amended, as from its commencement, by repealing section 90, and substituting the following section:

“90. (1) Section 104 (1) of the Insolvency Act 1967 is hereby amended by repealing paragraph (e) (as substituted by section 169 of the Accident Rehabilitation and Compensation Insurance Act 1992), and substituting the following paragraph:

“(e) Fifthly, in payment rateably of—

'(i) All amounts payable to the Commissioner of Inland Revenue in accordance with section 365 (2) of the Income Tax Act 1976:

'(ii) All amounts payable to the Commissioner of Inland Revenue in accordance with section 365 (2) of the Income Tax Act 1976 (as applied by section 25 of the Student Loan Scheme Act 1992):

'(iii) All amounts payable to the Accident Rehabilitation and Compensation Insurance Corporation in accordance with section 115 (17) of the Accident Rehabilitation and Compensation Insurance Act 1992:'.

“(2) Section 169 of the Accident Rehabilitation and Compensation Insurance Act 1992 is hereby consequentially repealed.”

7. Repayment deductions to be made from payments made on or after 1 April 1993—The principal Act is hereby amended by repealing section 98, and substituting the following section:

“98. The provisions of Part II of this Act relating to repayment deductions shall apply to any payment that relates to a pay period ending on or after the 1st day of April 1993.”

This Act is administered in the Inland Revenue Department.
