

## **Student Loan Scheme Amendment Bill (No 2)**

Government Bill

As reported from the committee of the whole House

This bill was formerly part of the Taxation (Annual Rates, GST, Trans-Tasman Imputation and Miscellaneous Provisions) Bill as reported from the Finance and Expenditure Committee. The committee of the whole House has further amended the bill and has divided it into the following bills:

- The Taxation (GST, Trans-Tasman Imputation and Miscellaneous Provisions) Bill comprising Parts 2 to 4 (except for clauses 125 to 131, and clause 134)
- The Taxation (Annual Rates of Income Tax 2003–04) Bill, comprising Part 1
- This bill, comprising clauses 125 to 131
- The Child Support Amendment Bill (No 2), comprising clause 134.

**Key to symbols used in reprinted bill**

**As reported from a select committee**

**New (unanimous)**

Subject to this Act,

Text inserted unanimously

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*Hon Dr Michael Cullen*

# Student Loan Scheme Amendment Bill (No 2)

Government Bill

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**The Parliament of New Zealand enacts as follows:**

### **1 Title**

This Act is the Student Loan Scheme Amendment Act (No 2) 2003.

### **2 Commencement**

- (1) This Act comes into force on the day on which it receives the Royal assent, except as provided in this section. 5
- (1B) **Section 130(1) and (3)** are treated as coming into force on 1 April 1997.
- (2) **Section 130(2B)** is treated as coming into force on 26 March 2003. 10

### **125 Student Loan Scheme Act 1992**

**Sections 126 to 131** amend the Student Loan Scheme Act 1992.

### **126 Interpretation**

- (1) In section 2, after the definition of **primary employment earnings**, the following is inserted: 15

- “**repayment code** means the repayment code specified in **section 17B**”.
- (2) **Subsection (1)** applies for pay periods ending on and after the date on which this Act receives the Royal assent.
- 127 Borrowers to whom repayment deduction provisions of this Part apply** 5
- (1) In section 17, “Sections 18 to 25” is replaced by “Sections **17B** to 25”.
- (2) **Subsection (1)** applies for pay periods ending on and after the date on which this Act receives the Royal assent. 10
- 128 New section 17B inserted**
- (1) After section 17, the following is inserted:
- “**17B Repayment codes for application of PAYE rules**  
For the purpose of the application of the PAYE rules of the Income Tax Act 1994 under section 25 of this Act, the repayment code of any borrower in relation to any salary or wages is ‘SL’.” 15
- (2) **Subsection (1)** applies for pay periods ending on and after the date on which this Act receives the Royal assent.
- 129 Section 18 replaced** 20
- (1) Section 18 is replaced by the following:
- “**18 Borrower’s notice to employer of requirement for repayment deductions**
- “(1) A person who is a borrower and is in the employment of an employer (including an employer from whom secondary employment earnings are received) must give written notice under this section to the employer as soon as practicable after the later of— 25
- “(a) the time at which the person becomes an employee of the employer; and 30
- “(b) the time at which the person becomes a borrower.
- “(2) A notice under this section must inform the employer that—
- “(a) the borrower is required to have repayment deductions made under this Part from any amount paid to the borrower by way of salary or wages; and 35

“(b) the tax code prescribed by section NC 8(1) of the Income Tax Act 1994 for the borrower should be followed by the repayment code ‘SL’ for the purpose of making a repayment deduction from salary or wages paid to the borrower.”

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- (2) **Subsection (1)** applies for pay periods ending on and after the date on which this Act receives the Royal assent.

### 130 PAYE rules of Income Tax Act 1994 to apply to repayment deductions

- (1) In section 25(1), “as defined in section OZ 1(1)” is inserted after “PAYE rules” where it first appears.

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- (2) In section 25(1)(b), “deductions,—” is replaced by “deductions; and” and the following is added:

“(c) every reference to a tax code were a reference to a repayment code,—”.

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#### New (unanimous)

- (2B) In section 25(2), “, NC 16, and” is replaced by “and NC 16”.

- (3) In section 25(2), “and sections 143A(1)(d) and (e) and 143B(1)(d), and Part 9 (except section 146) of the Tax Administration Act 1994” is omitted.

- (4) **Subsection (2)** applies for pay periods ending on and after the date on which this Act receives the Royal assent.

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#### New (unanimous)

- (5) **Subsection (2B)** applies for the 2002–03 and subsequent income years.

### 131 Underestimation penalty where interim repayments underestimated as at final instalment date

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- (1) In section 44A(1)—

(a) in the words preceding paragraph (a), “interim” is inserted before “repayment”:

(b) in paragraph (a), “residual” is inserted before “repayment”, where it first appears:

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- (c) in paragraph (a), “interim” is inserted before “repayment”, where it second appears:
- (d) in paragraph (b), “residual” is inserted before “repayment”.
- (2) In the definition of item “a” in section 44A(2), “residual” is inserted before “repayment”. 5
- (3) **Subsections (1) and (2)** apply to estimated interim repayment obligations arising in respect of the 1998–99 and subsequent income years.

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### Legislative history

18 November 2003

Divided from Taxation (Annual Rates, GST, Trans-Tasman Imputation and Miscellaneous Provisions) Bill (Bill 60–2) as Bill 60–3C

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