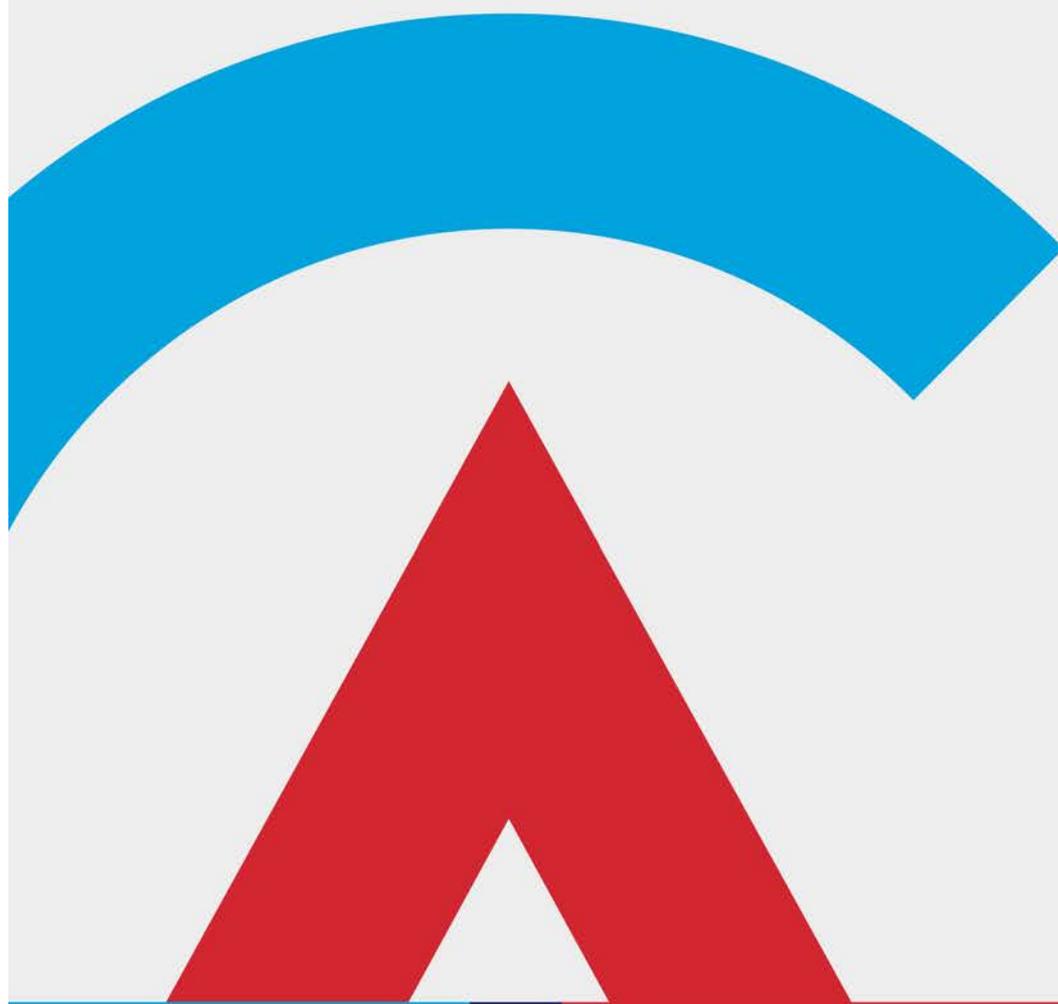


Student loan repayment – options for relief

Exposure Draft ED0218

19 December 2019



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Team Manager, Technical Services
Office of the Chief Tax Counsel
National Office
Inland Revenue Department
PO Box 2198
Wellington

Dear Rob

ED0218 – Student loan repayment – options for relief

Chartered Accountants Australia and New Zealand (CA ANZ) appreciates the opportunity to provide feedback on the draft standard practice statement which is a replacement statement for SPS 11/03 Student Loans – relief from repayment obligations. It sets out how the Commissioner will exercise a statutory discretion for providing relief from payment of student loan repayment obligations.

The draft SPS amends SPS 11/03 to include legislative changes that have occurred as a result of the rewrite and replacement of the Student Loan Scheme Act 1992 with the Student Loan Scheme Act 2011. The SPS is well written clear and easy to understand. CA ANZ supports the publication of this statement.

Target audience

We have searched IR's website and its published material and found, apart from the existing SPS 11/03 that there is very little information available to help a student borrower fully understand when the Commissioner will:

- agree to a reduced repayment obligation, or
- enter into an instalment arrangement or
- cancel some or all of the penalties and/or late payment interest.

We therefore expect that the SPS will be a resource that borrowers as well as tax agents and practitioners will refer to.

Practical examples and simple tables

The use of practical examples¹ to aid readers understanding is to be commended. Practical examples, flowcharts and simple tables can make technical information easier to understand. Readers would also

¹ Page 5 and 6

benefit from the inclusion of more practical examples. For example, a numerical example illustrating an instalment arrangement and a numerical example to illustrate the charging of late payment penalties and interest. The addition of a simple table of what constitutes serious hardship/other special reasons and what does not constitute serious hardship/special reasons would also be helpful.

IR's advice to a borrower who finds themselves in a difficult situation while repaying their debt is to contact them. It is pleasing that IR are actively encouraging borrowers to contact them to find a solution. We believe the inclusion of more examples and tables would help borrowers understand the issues and their options so that they can engage with IR in a more meaningful way.

Significant over-payments

Paragraph 53 refers to a "*significant overpayment*". We recommend that the commentary include a discussion on what "*significant overpayment*" means.

We would be happy to discuss our submission with you.

Yours sincerely



John Cuthbertson FCA
New Zealand Tax Leader



Teri Welham CA
Senior Tax Advocate