

HOUSE OF REPRESENTATIVES

Supplementary Order Paper

Tuesday, 15 December 1992

STUDENT LOAN SCHEME BILL

Proposed Amendments

Hon. WYATT CREECH, in Committee, to move the following amendments:

Clause 36: To omit paragraphs (b) and (c) of subclause (1) (all the words in lines 31 to 41 on page 24 and in lines 1 to 3 on page 25), and substitute the following paragraphs:

- (b) To any failure to pay, by the third instalment date, any interim repayment due by that instalment date, which penalty shall be payable on the smallest of—
 - (i) The difference between 105 percent of the residual repayment obligation for the immediately preceding income year and the amount of interim repayments made; or
 - (ii) The difference between the residual repayment obligation for the income year and the amount of interim repayments made; or
 - (iii) The difference between the amount of the interim repayment last notified by the Commissioner as due by the third instalment date and the amount of interim repayments made:
- (c) To any failure to pay, by the due date, any instalment of an interim repayment due after the third instalment date:
- (d) To any failure to pay, by the last day of the twelfth month of the income year, a non-resident repayment obligation.

Clause 46A: To insert, after line 2 on page 28, the following clause:

46A. Power of Commissioner to write-off interest payable by non-resident—Notwithstanding sections 33 (a) and 33 (c) of this Act, but subject to section 33 (b) of this Act, where, for any income year, the Commissioner—

- (a) Has, in accordance with section 46 of this Act, refrained from collecting any repayment obligation of a

- borrower or part of any repayment obligation of a borrower, as the case may be; and
- (b) Is satisfied, in relation to any borrower to whom paragraph (a) of this section applies,—
- (i) That the borrower is a non-resident who, in the income year, is or has been engaged in full-time study outside New Zealand; and
 - (ii) That payment of the base interest chargeable, for any period during which the borrower was, in the income year, engaged in full-time study outside New Zealand, has caused or would cause serious hardship to that borrower,—

the Commissioner may write-off, in whole or in part, the amount of that base interest.

Clause 53: To add, after line 28 on page 31, the following subclause:

(5) For the purposes of section 13 (4) (bc) of the Inland Revenue Department Act 1974, the Secretary of Education, or any officer of the Ministry of Education who is authorised by the Secretary of Education to receive information under this section, shall be deemed to be an authorised person under this section.

Clause 89: To omit paragraph (ab) of section 15 (5) of the Inland Revenue Department Act 1974 (all the words in lines 3 to 7 on page 48), and substitute the following paragraph:

“(ab) Where it is given by any person referred to in section 13 (4) (bc) of this Act (being an employee of the loan manager under the Student Loan Scheme or an employee of any tertiary institution or the Secretary of Education or any employee of the Ministry of Education), be kept by the Secretary of Education as a permanent record; and”.

EXPLANATORY NOTE

Clause 36 deals with the application of penalty clauses in loan contracts. The proposed amendment relates, primarily, to the penalty payable in respect of a failure to pay, by the third instalment date, any interim payment due by that date. The penalty may now be calculated on the difference between the amount of the interim payment last notified by the Commissioner as due by the third instalment date and the amount of interim payments made, if that difference is smaller than both the difference specified in *clause 36 (1) (b) (i)* and the difference specified in *clause 36 (1) (b) (ii)*.

Clause 46A: This new clause empowers the Commissioner to write off, in certain circumstances, interest payable by non-residents who are engaged in full-time study outside New Zealand.

Clauses 53 and 89: The proposed amendments to these 2 clauses are designed to ensure that where the Secretary of Education and officers of the Ministry of Education receive Inland Revenue information under the Act, they are required to maintain secrecy in respect of that information.