

House of Representatives

Supplementary Order Paper

Thursday, 22 September 2016

Taxation (Business Tax, Exchange of Information, and Remedial Matters) Bill

Proposed amendments

Hon Michael Woodhouse, in Committee, to move the following amendments:

New clause 121AA

Before *clause 121* (page 69, after line 5), insert:

**121AA Section 25 of Student Loan Scheme Act 2011 amended
(Commissioner may treat certain borrowers as being physically
in New Zealand)**

After section 25(1)(i) of the Student Loan Scheme Act 2011, insert:

- (ia) the borrower is undertaking study that meets the requirements of **clause 9A of Schedule 1**; or
- (ib) the borrower is undertaking an internship that meets the requirements of **clause 9B of Schedule 1**; or

New clause 122

After *clause 121* (page 69, after line 9), insert:

122 Schedule 1 of Student Loan Scheme Act 2011 amended

- (1) In Schedule 1 of the Student Loan Scheme Act 2011, replace clause 1 with:

1 Definitions

In this schedule,—

Crown agent means a statutory entity named in Part 1 of Schedule 1 of the Crown Entities Act 2004

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ENZ means Education New Zealand established under Part 21 of the Education Act 1989

government department means a department named in Schedule 1 of the State Sector Act 1988

NZQA means the New Zealand Qualifications Authority continued under Part 20 of the Education Act 1989

qualifying government-funded scholarship means a scholarship, in respect of study or an internship,—

- (a) that is partially or fully funded by a government department or a Crown agent; and
- (b) that is assessed by ENZ as being a qualifying scholarship for the purposes of this Act.

- (2) In Schedule 1 of the Student Loan Scheme Act 2011, clause 6(1)(d)(ii), replace “clause 2, 5, 7, 8, or 9” with “clause 2, 5, 7, 8, 9, **9A, or 9B**”.
- (3) In Schedule 1 of the Student Loan Scheme Act 2011, after clause 9, insert:

9A Condition to government-funded full-time overseas study application

A borrower who makes an application under **section 25(1)(ia)** must—

- (a) be undertaking study that—
 - (i) the borrower is receiving a qualifying government-funded scholarship in respect of; and
 - (ii) is full-time and undertaken overseas; and
- (b) provide the Commissioner with evidence from ENZ verifying that the borrower is receiving a qualifying government-funded scholarship in respect of the study.

9B Condition to government-funded overseas internship application

A borrower who makes an application under **section 25(1)(ib)** must—

- (a) be undertaking an internship that—
 - (i) the borrower is receiving a qualifying government-funded scholarship in respect of; and
 - (ii) is—
 - (A) full-time; or

- (B) if undertaken with part-time study, part-time;
and
- (iii) is undertaken overseas; and
- (b) provide the Commissioner with evidence from ENZ verifying
that the borrower is receiving a qualifying government-fun-
ded scholarship in respect of the internship.
- (4) In Schedule 1 of the Student Loan Scheme Act 2011, clause 11(1),
replace “(i), and (j)” with “(i), **(ia)**, **(ib)**, and (j)”.

Explanatory note

This Supplementary Order Paper inserts provisions that amend the Student Loan Scheme Act 2011 (the **Act**).

New clause 121AA amends section 25 of the Act to include 2 new situations in which the Commissioner may treat certain borrowers as being physically in New Zealand. These relate to overseas study and overseas internships. A borrower who is treated as being physically in New Zealand for a certain number of days is treated as New Zealand-based for the purposes of the Act and loan interest on the borrower’s loan balance is reduced to zero for each day that the borrower is New Zealand-based.

New clause 122 amends Schedule 1 of the Act to insert new provisions containing the conditions that must be satisfied by a borrower who makes an application under the new overseas study or overseas internship provisions in section 25 and to make consequential amendments.

In summary, the conditions for overseas study are that the borrower must—

- receive a qualifying government-funded scholarship for the study;
- undertake the study overseas on a full-time basis.

In summary, the conditions for overseas internships are that the borrower must—

- receive a qualifying government-funded scholarship for the internship;
- undertake the internship overseas on a full-time basis or, if combined with study, on a part-time basis.

Departmental disclosure statement

Inland Revenue is required to prepare a disclosure statement to assist with the scrutiny of this Supplementary Order Paper. The disclosure statement provides access to information about any material policy changes to the Bill and identifies any new significant or unusual legislative features of the Bill as amended.

A copy of the statement can be found at <http://legislation.govt.nz/disclosure.aspx?type=sop&subtype=government&year=2016&no=229&>

Regulatory impact statement

The Ministry of Education produced a regulatory impact statement to help inform the new policy decisions taken by the Government relating to the contents of this SOP.

A copy of this regulatory impact statement can be found at—

- <http://www.education.govt.nz/ministry-of-education/regulatory-impact-statements/>
- <http://www.treasury.govt.nz/publications/informationreleases/ris>