

30 November 2017

Mr Hayden Foote
fyi-request-6824-90b0d688@requests.fyi.org.nz

Dear Mr Foote

Thank you for your request made under the Official Information Act 1982 (OIA), received on 10 November 2017. You have requested the following information:

I am an Overseas Based Borrower (OBB) with a hefty student loan. I have made multiple attempts at arranging a repayment program. At every avenue, I have been told there is no provision for the interest to be halted. I flew to NZ and had a face to face meeting with IRD and was told that interest free deals cannot be offered due to legislation. I have since discovered that many OBB's have in fact been granted interest free repayment plans.

Please tell me, how many Overseas Based Borrowers have been granted interest free repayment plans?

On 20 November 2017 we contacted you in an attempt to clarify your request. In summary, we asked you to explain exactly what you meant by 'interest free' and if by 'interest free' you were referring to loan interest or late repayment interest. As we have not received a response from you, we are responding to your request as it currently stands.

Information to be released

No Overseas Based Borrowers have been granted interest free repayment plans.

Loan interest is charged on the overall student loan balance. There is no provision for loan interest to be remitted for an overseas based borrower under the Student Loan Scheme Act 2011 (unless it is reversed because it was incorrectly applied).

Sometimes borrowers living overseas can be deemed to be New Zealand-based borrowers if they meet certain criteria. By being deemed New Zealand-based, they will not be charged interest on their accounts. These are borrowers such as those from Realm countries (Niue, Cook Islands, Tonga, Tokelau), members of New Zealand's armed forces that are stationed overseas, or, in some cases, people studying overseas. In order to be deemed New Zealand-based, the borrower must adhere to stringent criteria and all repayment obligations must still be met.

Late payment interest (known formally as late payment penalty) is charged on a borrower's account when they have an amount overdue. Late payment interest can be remitted in certain circumstances and Inland Revenue will often negotiate full and final settlement payments based on a remission of late payment interest. Late payment interest is suppressed while under an instalment arrangement if the payments are being met each month. A penalty will be charged each time the instalment payment is not met.

Thank you for your request.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Alison Perry". The signature is fluid and cursive, with the first name "Alison" written in a larger, more prominent script than the last name "Perry".

Alison Perry
Business Owner