

Student Loans Voluntary repayment bonus



The government has introduced a 10% student loan voluntary repayment bonus for voluntary repayments that total \$500 or more in a tax year. This will only apply to voluntary repayments made from 1 April 2009.

This bonus only applies if the voluntary repayment of \$500 or more is on top of what you need to repay for a tax year.

Example

Voluntary repayment	\$800
800 x 10%	- 80
Loan balance reduced by	<u>\$880</u>

What are voluntary repayments?

A voluntary repayment is a payment made on top of what you need to repay for a tax year. They don't have to be a single lump sum, they can be smaller amounts during the year. They will first be credited to any old and current repayment obligations and any amount left is treated as a voluntary repayment.

- You're up to date with your repayments and filing your income tax returns (if required)
- Your loan balance with Inland Revenue is \$550 or more and the beginning of the tax year
- Your voluntary repayments for the tax year total \$500 or more
- Voluntary repayments made to StudyLink **will not qualify** for voluntary repayments

When will you receive your voluntary bonus?

When you receive your voluntary repayment bonus depends on your circumstances.

If you are ...	then you'll receive your voluntary repayment bonus ...
Requires to file a IR3 income tax return	After your IRD has been processed
Not required to file an IR3 income tax return	From June/July 2010
An overseas-bases borrower	From May 2010

For repayments made during the tax year 1 April 2009 to 31 March 2010

You will be able to see if a voluntary repayment bonus has been applied to your loan balance by checking your statement - these are sent out in May and October. You can also check you loan balance online on the IRD website, go to 'Get it done online'.

For repaying your loan in full:

1 April 2009 to 31 March 2010

If you repay your loan in full between 1 April 2009 and 31 March 2010, the IRD will check whether you are entitled to the voluntary repayment bonus and add it to your loan balance after 1 April 2010.

From 1 April 2010:

If you are finalising your loan and you ...	then ...
Don't have any loans still with StudyLink	The voluntary repayment bonus is expected to be applied shortly after you've made your final payment
Still have a loan with StudyLink	You voluntary repayment bonus won't be applied until after your loan has been transferred to Inland Revenue