

**INTERPRETATION STATEMENT | PUTANGA WHAKAMĀORI**

# **Student Loans – Overseas borrowers and their obligations**

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**IS 25/20**

This interpretation statement discusses when a student loan borrower will be a New Zealand-based borrower and when they will be an overseas-based borrower. A borrower's status as New Zealand-based or overseas-based will determine whether interest accrues on their loan and will impact their repayment obligations.

All legislative references are to the Student Loan Scheme Act 2011 unless otherwise stated.

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## Contents | Ihirangi

Introduction   Whakataki .....	3
New Zealand-based borrowers .....	4
Repayment obligations for New Zealand-based borrowers.....	4
Requirements before going overseas.....	5
Overseas-based borrowers.....	5
Becoming overseas-based because borrower is absent from New Zealand for 184 consecutive days.....	6
Becoming overseas-based because borrower is treated as absent from New Zealand for 184 consecutive days .....	7
Repayment obligations for overseas-based borrowers.....	11
Interest for overseas-based borrowers.....	12
Temporary repayment suspension .....	13
Nominated person and alternative contact person .....	14
Circumstances in which borrowers may be treated as being physically in New Zealand.....	14
In service of the New Zealand Government.....	15
Volunteer for charity .....	16
Unexpected delay .....	16
Unplanned personal absence.....	18
Required for employment or occupation .....	18
Undertaking study or an internship .....	19
Studying at postgraduate or undergraduate level overseas .....	20
Studying with a New Zealand education provider as part of an exchange or agreement.....	21
Completing postgraduate study with a New Zealand tertiary education provider that cannot be completed in New Zealand.....	21
Interning or studying overseas with a government-funded scholarship .....	22
In Niue, the Cook Islands, Tokelau, or the Ross Dependency .....	22
Accompanying spouse or partner .....	23
Serious illness, injury or disability.....	23
Becoming a New Zealand-based borrower when returning to New Zealand .....	24
Becoming New Zealand-based because a borrower is in New Zealand for 183 consecutive days .....	25

Becoming New Zealand-based because a borrower is treated as having been in New Zealand for 183 consecutive days .....	25
Repayments and interest when returning to New Zealand .....	27
Tie-breaker.....	27
Relevance of tax residence .....	30
Tax residence rules for individuals .....	31
References   Tohutoro.....	33
About this document   Mō tēnei tuhinga .....	34
Appendix – Relevant provisions of the Student Loan Scheme Act 2011.....	35

## Introduction | Whakataki

1. Student loan borrowers must make repayments on their loans if they live overseas, or if they live in New Zealand and earn over the repayment threshold. If a borrower is living overseas, their student loan may also accrue interest. For this reason, it is important to know when a borrower will become overseas-based.
2. This interpretation statement outlines the following:
  - When a borrower is New Zealand-based, and therefore does not have to pay interest on their loan.
  - When a borrower will become overseas-based.
  - The circumstances in which a borrower might be treated as being physically in New Zealand while they are overseas. This may mean they are a New Zealand-based borrower for some or all of the time they are overseas when they otherwise would not be.
  - What happens when overseas-based borrowers return to New Zealand. This includes when interest stops being added to the loan, and when overseas repayment obligations cease.
  - The relevance of tax residence.
3. Borrowers can be either New Zealand-based or overseas-based. Their status as overseas-based or New Zealand-based may affect the way their loan is treated.
4. Overseas-based borrowers must typically make repayments on their loan at a set amount, and these loans typically incur interest. However, there are exceptions to this. Interest accrues daily and is added to the loan annually.

5. New Zealand-based borrowers typically have payments towards their loan deducted from their salary or wages, and while they remain New Zealand-based they will not incur interest on their loan.

## New Zealand-based borrowers

6. The majority of borrowers who have studied and lived in New Zealand will be New Zealand-based by default and will remain so if they live and work in New Zealand. This status will not be affected by short holidays or trips overseas. However, if borrowers travel overseas a lot or for extended periods, their New Zealand-based status may change.
7. A borrower will generally become overseas-based if they are away from New Zealand for 184 consecutive days or if they are treated as having been away from New Zealand for 184 consecutive days, because they have been in New Zealand for less than 32 days total in a 184-day period. This can be any 184-day period and can span calendar years and/or income years.
8. For more information on when a borrower will become overseas-based, see “Overseas-based borrowers” (from [14]) and the accompanying examples.
9. For information on when a borrower will become New Zealand-based again after having been overseas-based, see “Becoming a New Zealand-based borrower when returning to New Zealand” (from [110]).

## Repayment obligations for New Zealand-based borrowers

10. New Zealand-based borrowers repay their loan based on how much they earn.
11. Deductions are made at a rate of 12% of any income over the repayment threshold. The threshold for the 2025–26 income year<sup>1</sup> is \$24,128. See [Repaying my student loan when I earn salary or wages](#) on Inland Revenue’s website for updated figures. The following are some other relevant details:
  - Salary and wage earners have their repayments deducted directly.<sup>2</sup>
  - There are specific rules for borrowers who have a secondary job, are self-employed, or are employed but earn other income. See the link below for more information on repayments in these situations.

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<sup>1</sup> 1 April 2025 to 31 March 2026.

<sup>2</sup> Section 36.

- Repayment is not required if income is below the threshold.<sup>3</sup>
- New Zealand-based borrowers do not get charged interest on their loan.<sup>4</sup>

For more information, see [Living in New Zealand with a student loan](#) on Inland Revenue's website.

## Requirements before going overseas

12. If a borrower is planning to go overseas for more than 6 months, they must tell Inland Revenue before they leave New Zealand.<sup>5</sup>
13. The borrower must provide Inland Revenue with:
  - a postal address, which can be either a permanent overseas postal address, a New Zealand postal address, or the New Zealand address of someone empowered to act for the borrower; and
  - an email address or other means of electronic communication; and
  - any other information the Commissioner may reasonably require in order to determine the borrower's repayment obligations and whether interest will be payable on the loan.<sup>6</sup>

## Overseas-based borrowers

14. A borrower who is New Zealand-based will become overseas-based in either of the following circumstances:
  - They are absent from New Zealand for 184 consecutive days (see from [18]).

**OR**

  - They are **treated as** having been absent from New Zealand for 184 consecutive days. This will be the case if the borrower has been in New Zealand for less than 32 days in total in any 184-day period starting on any full day the borrower was overseas (see from [21]).

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<sup>3</sup> Section 37.

<sup>4</sup> Section 133.

<sup>5</sup> Section 28.

<sup>6</sup> Section 28.

15. For either of these tests, the 184-day period can be any 184-day period and can span calendar years and/or income years. The 184-day period can begin before the person becomes a borrower.<sup>7</sup>
16. Days of partial presence in New Zealand (eg, days of arrival to and departure from New Zealand) are treated as days in New Zealand. Therefore, if a borrower is in New Zealand for any part of a day, that day will not count towards the overseas-based day count.<sup>8</sup>

**Note:** Borrowers can use a tool in myIR to calculate if their travel dates will result in them becoming overseas-based. To do so, in myIR go to your student loan “account summary”, select “**more**”, then in the “travelling overseas” section select “**calculate your interest status**” and then add in your travel dates.

17. Repayment obligations for overseas-based borrowers are discussed in detail from [27]. Broadly, if a borrower is overseas-based:
  - interest will be applied to their student loan from the first day on which they are overseas-based;<sup>9</sup> and
  - their compulsory loan repayments will generally be based on their loan at the time they become an overseas-based borrower.<sup>10</sup>

## Becoming overseas-based because borrower is absent from New Zealand for 184 consecutive days

18. If a borrower is absent from New Zealand for 184 consecutive days, they will become an overseas-based borrower. In very simple terms, this means a borrower will become overseas-based under this test once they have been overseas for 6 months, if none of the listed circumstances discussed from [46] applies to them. They will be treated as being an overseas-based borrower from the later of:<sup>11</sup>
  - the first of the 184 consecutive days they were absent from New Zealand; or
  - the day they became a borrower.

See Example | Tauria 1.

19. This test is the most likely one to apply to a borrower going overseas for a typical “OE” (overseas experience). However, if a borrower has been away from New Zealand

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<sup>7</sup> Section 23(2).

<sup>8</sup> Section 24.

<sup>9</sup> Section 135.

<sup>10</sup> Section 110. But see footnote 18 on page 11.

<sup>11</sup> Section 23(3).

before departing for their OE and has not been back in New Zealand for at least 32 days before departing for their OE, the second test (discussed from [21]) will be relevant, and may alter the date from which they become an overseas-based borrower. The second test will also be relevant if a borrower on a typical OE has a trip back to New Zealand within the first 184 days (roughly 6 months) of their OE, for example for a wedding or funeral, and then goes back overseas to continue their OE.

20. If a borrower going on a typical OE has not been overseas for at least 32 days before departing for their OE and has not made any trips back to New Zealand within the first 184 days of their OE, it is not necessary to consider the second test. The borrower will be an overseas-based borrower from the day after their departure from New Zealand. For information about repayment obligations, see “Repayment obligations for overseas-based borrowers”, from [27].

#### **Example | Taura 1 – Becoming overseas-based because borrower is absent for 184 consecutive days**

Alex has a student loan and is a New Zealand-based borrower.

**17 February 2025** – Alex moves to Australia to start a new job.

**22 December 2025** – Alex returns to New Zealand for Christmas.

**4 January 2026** – Alex returns to Australia.

Alex was absent from New Zealand for 184 consecutive days from 18 February 2025 to 20 August 2025. Alex is therefore an overseas-based borrower. This is effective from Alex’s first full day of absence from New Zealand, which was 18 February 2025. The fact Alex came home for Christmas in December 2025 does not alter his status as an overseas-based borrower from 18 February 2025. Once a borrower becomes an overseas-based borrower they remain as such until they become a New Zealand-based borrower again.

#### **Becoming overseas-based because borrower is treated as absent from New Zealand for 184 consecutive days**

21. A borrower may also become an overseas-based borrower if they are **treated as** having been absent from New Zealand for 184 consecutive days. A borrower will be treated as being away from New Zealand for 184 consecutive days if they are in New Zealand for less than 32 days in total in any 184-day period starting on any full day the borrower was overseas. They will be treated as overseas-based from the later of:<sup>12</sup>

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<sup>12</sup> Section 23.

- the first day of the 184-day period; or
- the day they became a borrower.

See Example | Tauira 2.

22. In short, a New Zealand-based borrower can travel outside of New Zealand and not become overseas-based so long as they spend at least 32 days in New Zealand in any given 184-day period.<sup>13</sup> This is sometimes referred to as the “32-day rule”.
23. The 32 or more days in New Zealand do not need to be consecutive; they can be made up of multiple visits to New Zealand during the 184-day period.<sup>14</sup> See Example | Tauira 3.
24. If a borrower is overseas for 153 or more days in a 184-day period, it is impossible for them to spend 32 or more days in New Zealand in that 184-day period. Any days that they do spend in New Zealand in that period will be treated as being days of absence from New Zealand, subject to that being altered by the tie-breaker rule discussed from [119]. As such, the borrower will be treated as having been absent from New Zealand for 184 consecutive days and will become an overseas-based borrower.
25. However, under the tie-breaker rule, it is possible for borrowers to have their overseas-based status reversed if they become New Zealand-based again when they have been overseas for more than 153 days but less than 184 days in a 184-day period. The tie-breaker rule will be relevant if any of the days of presence in New Zealand in the 184-day period subsequently count towards the person being a New Zealand-based borrower. For more information, see the discussion under “Returning to New Zealand” from [110].
26. If a borrower has become overseas-based, the rules discussed under “Becoming a New Zealand-based borrower when returning to New Zealand” (see from [110]) apply for becoming New Zealand-based again.

**Example | Tauira 2 – Multiple trips – Becoming overseas-based because borrower is treated as absent from New Zealand for 184 consecutive days, having been in New Zealand for less than 32-days in a 184-day period**

Tim has a student loan.

**14 January 2025:** Tim leaves New Zealand to attend his best friend’s wedding in Fiji. Tim is away for 12 days and, during this time, Tim applies for a job in Scotland.  
[12 days out of New Zealand]

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<sup>13</sup> Section 22.

<sup>14</sup> Section 22(1)(b)(i).



**27 January 2025:** Tim returns to New Zealand from the wedding and is offered the job in Scotland. [26 days in New Zealand]

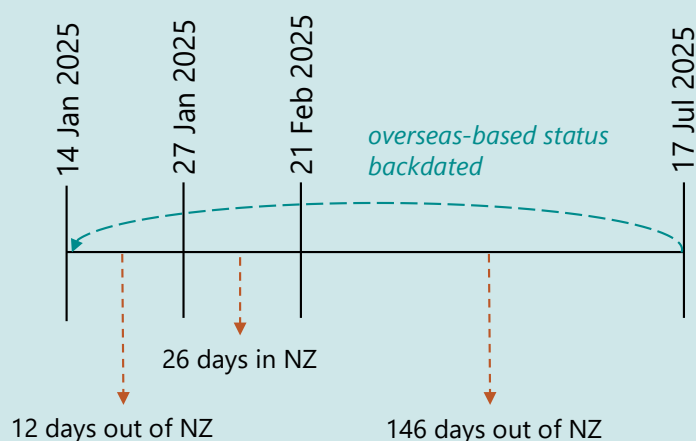
**21 February 2025:** Tim moves permanently to Scotland. He does not return to New Zealand for a visit until Christmas 2025.

Tim knows he will become an overseas-based borrower under the student loan scheme after being overseas for 184 days (approximately 6 months). He therefore expects he will become overseas-based on 24 August as that is 184 days after he moved to Scotland.

However, Tim was in New Zealand for **less than 32 days** in a 184-day period starting on a full day he was overseas. This is the period from 15 January 2025 to 17 July 2025. After he left New Zealand on 14 January, he returned to New Zealand for only 26 days (27 January 2025 to 21 February 2025 = 26 days of presence in New Zealand) before leaving permanently. Because Tim was in New Zealand for less than 32 days in the 184-day period from 15 January 2025 to 17 July 2025, the days he was in New Zealand are **treated as** days of absence from New Zealand. This results in Tim being **treated as** absent from New Zealand for 184 consecutive days, and Tim becomes an overseas-based borrower.

As Tim left New Zealand permanently, none of the 26 days of him being present in New Zealand subsequently counted towards him becoming New Zealand-based again, so the tie-breaker rule is not relevant.

Tim's overseas-based borrower status is backdated to apply from the first full day of absence (being the start of the 184-day period), which was **15 January 2025**.



**Example | Tauria 3 – Multiple trips – Borrower not overseas for 153 or more days in any 184-day period, so remains New Zealand-based (no days of absence treated as days of presence)**

Tim has a student loan.

**14 January 2025:** Tim leaves New Zealand to attend his best friend's wedding in Fiji. Tim is away for 12 days, and during this time he applies for a job in Scotland. [12 days out of New Zealand]

**27 January 2025:** Tim returns to New Zealand from the wedding and is offered the job in Scotland. [26 days in New Zealand]

**21 February 2025:** Tim flies to Scotland for a 6-week trial period. However, the job does not work out. [42 days out of New Zealand]

**5 April 2025:** Tim returns to New Zealand. [92 days in New Zealand]

**5 July 2025:** Tim leaves New Zealand once again as his sister Tam has just had a baby in Canada and, because Tim is still job hunting, he agrees to go and help Tam out for a couple of months. Tim leaves New Zealand and heads to Canada. [66 days out of New Zealand]

**10 September 2025:** Tim returns to New Zealand. Tim has finally found a job in New Zealand and is settled for the time being.

In total, between 15 January 2025, Tim's first full day of absence from New Zealand, and 10 September 2025, when he returned from Canada, Tim spent **120 days** outside of New Zealand.

A borrower needs to be absent from New Zealand for at least 153 days in any 184-month period to be treated (subject to the tie-breaker rule) as absent for 184 consecutive days and therefore become overseas-based.

Because Tim spent only 120 days outside of New Zealand, at no point was there a 184-day period in which he spent enough time outside of New Zealand to become an overseas-based borrower for the purposes of his student loan, even though he took multiple trips for various reasons.



## Repayment obligations for overseas-based borrowers

27. Overseas-based borrowers are required to make minimum loan repayments, regardless of how much they earn.
28. Borrowers will receive an assessment notice each year setting out the minimum repayments they need to make and the due dates for those. There are two repayments to be made each year – generally these are due by 30 September and 31 March.<sup>15</sup> The assessment notice will usually be sent out in early April each year. However, the timing of the assessment notice and due dates for payments can be different for someone who is a new overseas-based borrower, depending on when they became an overseas-based borrower.
29. The amount borrowers need to pay by each due date generally depends on their consolidated loan balance when they first become an overseas-based borrower.<sup>16</sup>
30. However, if a borrower's loan balance increases while they are overseas-based, their repayments may also increase. However, if the loan balance decreases, the repayments will not decrease.<sup>17</sup> This means that if loan repayments reduce the outstanding balance, the repayments will remain at the amount they were when the borrower first became overseas-based. However, if the loan balance increases because interest

<sup>15</sup> Section 112(1).

<sup>16</sup> Section 110. This is the case unless the borrower has been continuously overseas-based since 31 March 2014 and is an existing borrower, in which case the repayments generally depend on the borrower's consolidated loan balance on 31 March 2014.

<sup>17</sup> Section 110(4). If a borrower has a final-year fees-free entitlement credited against their consolidated loan balance after they become an overseas-based borrower, that entitlement is treated as credited on the date they were awarded their qualification and will be taken into account accordingly, in terms of their minimum repayments.

accrues at a greater rate than repayments or there is further borrowing, the repayment amount due will increase accordingly. Table | Tūtohi 1 summarises the repayment obligations for overseas-based borrowers, depending on their loan balance.

**Table | Tūtohi 1 – Repayment obligations for overseas-based borrowers**

Loan balance	Amount to repay each year	Instalments
Less than \$1,000	Total loan balance	Half of the total loan balance paid by 30 September; the remaining half of the loan paid by 31 March
\$1,000 to \$15,000	\$1,000	\$500 paid by 30 September; \$500 paid by 31 March
\$15,000 to \$30,000	\$2,000	\$1,000 paid by 30 September; \$1,000 paid by 31 March
\$30,000 to \$45,000	\$3,000	\$1,500 paid by 30 September; \$1,500 paid by 31 March
\$45,000 to \$60,000	\$4,000	\$2,000 paid by 30 September; \$2,000 paid by 31 March
More than \$60,000	\$5,000	\$2,500 paid by 30 September; \$2,500 paid by 31 March.

31. If borrowers live in Australia, the United Kingdom, Europe, Canada, or the United States, they can set up direct debit payments in their myIR account. See [Paying from overseas](#) on Inland Revenue’s website for more information.

## Interest for overseas-based borrowers

32. For overseas-based borrowers, interest is calculated each day on the loan balance using the current interest rate. Interest is always included in the loan balance, but interest only compounds on 31 March each year.<sup>18</sup>
33. For the 2025–26 income year,<sup>19</sup> the annual interest rate is 4.9%. For updated interest rates see [Student loan interest and fees](#) on Inland Revenue’s website.

<sup>18</sup> Section 135.

<sup>19</sup> 1 April 2025 to 31 March 2026.

34. If borrowers do not make their payments on time, they may also be charged late payment interest. For the 2025–26 income year,<sup>20</sup> the late payment interest rate is 8.9% (see the link at [33] for the updated rate).
35. Late payment interest is charged on the unpaid amount if the unpaid amount is \$334 or more. Late payment interest is calculated, charged, and added to the borrower's unpaid amount the day after its due date. It will keep being charged and added to the unpaid amount (monthly) until the borrower has caught up with their payments.<sup>21</sup>
36. The standard interest rate continues to apply to the rest of the loan.<sup>22</sup>
37. Relief from late payment interest may be available if the Commissioner of Inland Revenue believes this would be equitable.<sup>23</sup>

### **Temporary repayment suspension**

38. New Zealand-based borrowers can get a temporary repayment suspension. This gives them a break from making overseas-based repayments for up to 12 months while they travel overseas.<sup>24</sup>
39. During this time, interest still accrues on the loan. It is just the overseas-based repayment obligations that are suspended. Any New Zealand-based repayments that are due will still need to be paid; they are not covered by the temporary repayment suspension.
40. If a borrower continues to be overseas-based after their temporary repayment suspension has ended, their overseas-based loan repayment obligations will commence. The required repayments will be based on the greatest consolidated loan balance the borrower had on any 31 March after they became an overseas-based borrower but before the last day of the tax year.<sup>25</sup> This means that any interest accrued on the loan during the temporary repayment suspension may increase the repayment obligations, compared to what they would have otherwise been.
41. A borrower may apply for this temporary suspension either from New Zealand or from overseas, but the application cannot be made by an overseas-based borrower (ie, it

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<sup>20</sup> 1 April 2025 to 31 March 2026.

<sup>21</sup> Section 139.

<sup>22</sup> Section 139.

<sup>23</sup> Section 146(2).

<sup>24</sup> Section 108.

<sup>25</sup> Section 110.

must be made before the borrower meets the requirements to become overseas-based – typically in the first 6 months after their departure).<sup>26</sup>

42. A borrower must provide an alternative contact person who lives in New Zealand during the time the borrower is overseas.<sup>27</sup>

### **Nominated person and alternative contact person**

43. A borrower can set up a nominated person to help keep them up to date with their loan obligations while they are overseas, but this is not mandatory. A borrower may also include an alternative contact person for Inland Revenue to contact if we cannot contact the borrower.
44. A nominated person can contact Inland Revenue and act on the borrower's behalf. They can also complete and sign tax returns and other forms, and receive the information sent to the borrower. Unlike a nominated person, an alternative contact person cannot view or update the loan.
45. A borrower must have an alternative contact person if they are applying for a temporary repayment suspension.

## **Circumstances in which borrowers may be treated as being physically in New Zealand**

46. There are several circumstances, listed in s 25, in which borrowers may apply to be treated as being physically in New Zealand while they are overseas. This may mean that either they do not become overseas-based at all or the point at which they become overseas-based is deferred. This treatment may apply to some or all of the days on which the borrower is overseas.
47. The Commissioner may, if he considers it fair and reasonable, treat a borrower as being physically in New Zealand if they are not in New Zealand because of one of the listed circumstances.<sup>28</sup>
48. The circumstances in which a borrower may be treated as being physically in New Zealand while they are overseas are where the borrower:
- is in the service in any capacity of the Government of New Zealand (see from [52]);

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<sup>26</sup> Section 107(2).

<sup>27</sup> Section 107A.

<sup>28</sup> Section 25.

- is working as a volunteer or for token payment for a charity (see from [55]);
  - experiences an unexpected delay in travel (see from [61]);
  - has an unplanned personal absence (see from [67]);
  - is required to be overseas because of the borrower's employment or occupation (see from [72]);
  - is undertaking study or an internship that meets certain requirements (see from [76]);
  - is in Niue, the Cook Islands, Tokelau, or the Ross Dependency (see from [98]);
  - is accompanying their spouse, civil union partner, or de facto partner overseas (see from [101]); or
  - has a serious illness as defined in s 25(4) and is unable to meet their repayment obligations as a result of this serious illness (see from [105]).
49. Other than for the serious illness exception, the relevant circumstance must be the **principal reason** the borrower is not, was not, or will not be in New Zealand.<sup>29</sup>
50. For any of these exceptions to apply, the borrower must provide Inland Revenue with supporting documentation.<sup>30</sup> The particular documentation required will depend on the situation.
51. A day on which the borrower is treated as being physically in New Zealand under these exceptions counts in the same way that a day in which the borrower is physically in New Zealand would for the purposes of the day counts and rules.<sup>31</sup>

## In service of the New Zealand Government

52. If a borrower is overseas in the service, in any capacity, of the Government of New Zealand, they may be able to be treated as being in New Zealand. For example, this may apply to people in the armed forces or the police, and to diplomats.
53. Being in the service of the Government of New Zealand must be the principal reason the person is not or will not be in New Zealand.
54. The borrower will need to provide a letter from the government agency they work for, which must include the details of their role and the dates they are required to be overseas.

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<sup>29</sup> Section 25(1) and (3).

<sup>30</sup> Section 26.

<sup>31</sup> Sections 22(1A) and 23(1B).

## Volunteer for charity

55. If the principal reason a borrower is overseas is to volunteer for a charitable organisation, they may be able to be treated as being in New Zealand.
56. The borrower must provide evidence that the work being done as a volunteer or for token payment for a charity is work to:
  - relieve poverty, hunger, sickness, or the ravages of war or natural disaster;
  - improve the economy of a country on the Organisation for Economic Co-operation and Development (OECD) list of countries receiving development assistance; or
  - raise the educational standards of a country on the OECD's list of countries receiving development assistance.
57. The charity must be listed as a charity under s 27A. Find the listed charities at [Approved charities for interest-free student loans](#) on Inland Revenue's website.
58. The borrower must provide a letter from the organisation stating the details of the arrangement.
59. The maximum period a borrower may be treated as physically in New Zealand in these circumstances is up to 24 months in total.
60. If the application is approved the borrower will need to inform Inland Revenue of their worldwide income.<sup>32</sup> They may also still need to make repayments.

## Unexpected delay

61. A borrower may be treated as being in New Zealand if the principal reason they are not in New Zealand is because of an unexpected delay.
62. This could be relevant, for example, if a borrower was planning to travel for 6 months or less, but due to events outside of their control they could not return to New Zealand as planned.
63. An unexpected delay could be due to something beyond the borrower's control like an airline strike, personal illness, death of a family member, natural disaster, terrorism or an act of war.
64. The borrower must provide evidence of their intended return to New Zealand (eg, their original flight reservations) and of the unexpected delay that prevented them from

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<sup>32</sup> If the application is being made retrospectively, a worldwide income declaration will be required before the application is approved.



returning to New Zealand as intended. They must also be able to show that if they had returned to New Zealand, they would have been a New Zealand-based borrower.

65. The borrower must have been a New Zealand tax resident under the Income Tax Act 2007 (the ITA) for the period to which the application applies. They will need to provide tax residence information to establish this residency status if they were overseas for more than 325 days.
66. Example | Taura 4 illustrates circumstances in which an application for a delay may or may not apply.

#### **Example | Taura 4 – When a borrower may be treated as being physically in New Zealand because of an unexpected delay**

Stefan and Amelia finished uni and travelled overseas for their “OE” (overseas experience). Stefan booked his trip to be overseas for a total of **182 days**, in order to get the most amount of time travelling while keeping his loan interest free. Amelia was not sure when she wanted to go back to New Zealand and had no return flight booked.

On the final day of his trip, Stefan went to catch his flight back to New Zealand out of Frankfurt. A snowstorm rolled in and all flights were cancelled.

Stefan could not get another flight for a week. This meant that he automatically became an overseas-based borrower, as he was absent from New Zealand for 184 or more consecutive days, and would be treated as an overseas-based borrower from the day after he left New Zealand. As such, interest would be charged on his loan, dating back to the day after he left New Zealand.

To prevent this outcome, Stefan must apply to Inland Revenue to ask for the days his return was unexpectedly delayed to be treated as days in New Zealand rather than as days overseas. In making this application, Stefan must provide his original flight reservations, and evidence of the snowstorm that delayed him.

Amelia was not sure when she wanted to go back to New Zealand and had no return flight originally booked. In Stefan’s last week in Frankfurt, Amelia decided she did not want to continue travelling alone, so 2 days before Stefan’s flight back to New Zealand she booked on the same flight. Amelia had been out of New Zealand for **185 days** when she booked her return flight.

Amelia left at the same time as Stefan did. However, she was absent from New Zealand for 184 or more days before booking her flight back to New Zealand. Amelia therefore could not claim an unexpected delay, as it was not the snowstorm that had prevented her from returning to New Zealand before becoming an overseas-based

borrower; she simply had not decided to return yet. Therefore, Amelia's interest cannot be removed.

## Unplanned personal absence

67. A borrower may be treated as being in New Zealand if the principal reason they are not in New Zealand is that they had an unplanned personal absence.<sup>33</sup>
68. This circumstance could be relevant to a borrower who was overseas but returned to New Zealand before becoming an overseas-based borrower, and then later had unplanned days of absence from New Zealand that would otherwise cause them to become overseas-based. It could also be relevant to an overseas-based borrower who has returned to New Zealand but has an unplanned personal absence before they qualify as a New Zealand-based borrower.
69. The unplanned absence must be due to an event or to circumstances beyond the borrower's reasonable planning and control. For example, an unplanned personal absence beyond the borrower's reasonable planning and control could occur because a family member is seriously ill or has died.
70. The borrower must have been a New Zealand tax resident under the ITA for the period to which the application applies.
71. The borrower must provide evidence of the duration of, and reason for, the unplanned absence and that it was due to an event or to circumstances beyond their reasonable planning and control.

## Required for employment or occupation

72. A borrower may be able to be treated as being in New Zealand if the principal reason they are not in New Zealand is that they are only working overseas temporarily.
73. The borrower must show that they get either salary or wages<sup>34</sup> from a New Zealand source or income from a business permanently established in New Zealand.
74. The borrower must provide a letter from their employer with the details of the arrangement and confirmation that the principal reason they are overseas is required for their job.

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<sup>33</sup> Section 25 (1)(d).

<sup>34</sup> Or some other "PAYE income payment" as defined in s RD 3(1) of the ITA (which includes schedular payments).

75. The borrower must be a New Zealand tax resident under the ITA and they must have a "permanent place of abode" only in New Zealand while they are overseas. In order to be satisfied of this, the Commissioner may require some information about accommodation the borrower has both in New Zealand and overseas. [IS 25/16: Tax residence](#) explains the concept of a permanent place of abode.<sup>35</sup>

## Undertaking study or an internship

76. A borrower may be treated as being in New Zealand if the principal reason they are not in New Zealand is that they are undertaking study or an internship that meets certain requirements (set out in sch 1).
77. Schedule 1 lists various types of study and internship that may qualify a borrower to be treated as physically in New Zealand. These studies and internships, along with the associated requirements, are set out below.
78. When a borrower is studying overseas, the course of study must meet the requirements as defined by reference to the New Zealand Qualifications Authority (NZQA) levels.
79. Example | Tauira 5 illustrates a situation where a borrower's overseas study is not verified by NZQA as being at the required level, so the borrower is not treated as physically in New Zealand during the time he is overseas undertaking the study.

### Example | Tauira 5 – Borrower cannot be treated as physically in New Zealand because overseas study is not verified by NZQA as being at the required level

Harry is a huge fan of Georgia – an Instagram life-coach.

Georgia is based in the USA and offers an 8-month course through which you can become a Georgia-certified life-coach.

Harry has completed a bachelors degree and has a \$32,000 student loan as a result of undertaking that degree. He decides he wants to be a Georgia-certified life-coach, so enrolls in Georgia's course and attends it in person in the USA.

Harry has a friend from university, Manaia, who went on to do a master's degree in Germany, and she was able to be treated as being physically in New Zealand during this time.

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<sup>35</sup> But note that in terms of the tax residence rules, a person can have a permanent place of abode in New Zealand even if they also have one elsewhere. That is not the case in order to potentially be treated as being in New Zealand when working overseas temporarily.

So Harry applies to Inland Revenue for an exemption to being treated as an overseas-based borrower on the basis that he is studying overseas, not working, and he feels that the qualification he is gaining will be useful when he gets back to New Zealand.

However, Georgia's course is not verified by NZQA as being at the required level, unlike the German university programme Manaia left New Zealand to do. For this reason, Harry will not be able to be treated as physically in New Zealand for the duration of his course with Georgia.

This means that Harry will become overseas-based after **183 days** outside New Zealand, effective from his date of departure, and Harry's loan will incur interest.

### Studying at postgraduate or undergraduate level overseas

80. A borrower can apply to be treated as being in New Zealand if the principal reason they are overseas is to study full time with an overseas education provider at postgraduate or undergraduate level.
81. Study at postgraduate or undergraduate level means study that is assessed by NZQA as being equivalent to level 7, 8, 9 or 10 on the New Zealand Register of Quality Assured Qualifications developed by NZQA under s 452(1)(c) of the Education and Training Act 2020. Example | Taura 6 sets out a situation where the borrower meets these requirements but cannot be treated as physically in New Zealand because study is not their principal reason for being overseas.
82. The borrower must provide evidence of an Overseas Study Assessment from NZQA verifying that the study is at the required level. In addition, they must provide evidence of their full-time enrolment in the course and the start and end dates of the course of study. For more information, search for "apply for an overseas study assessment" on [NZQA's website](#).
83. If the application is approved, the borrower will need to inform Inland Revenue of their worldwide income.<sup>36</sup> They may also still need to make repayments while overseas.

#### Example | Taura 6 – Borrower cannot be treated as physically in New Zealand because overseas study is not the principal reason for being overseas

Zoë leaves New Zealand after finishing university, to travel around Europe. She has no plans to return to New Zealand in the foreseeable future and does not need to return

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<sup>36</sup> If the application is being made retrospectively, a worldwide income declaration will be required before the application is approved.

at any particular time as she has dual UK / New Zealand citizenship. After 18 months, Zoë is settled and enjoying life in the UK and still has no plans to return to New Zealand. She decides to enrol in a postgraduate degree in the UK.

The postgraduate degree meets the relevant study level requirements, as assessed by NZQA, and Zoë is undertaking the study full time.

However, undertaking the study was not the principal reason Zoë is overseas, so she is not able to be treated as physically in New Zealand for the duration of her study.

### **Studying with a New Zealand education provider as part of an exchange or agreement**

84. A borrower can apply to be treated as being in New Zealand if the principal reason they are overseas is to study full-time overseas under a formal exchange or agreement.
85. They must be undertaking study that they are enrolled in with a New Zealand tertiary education provider and that, if completed successfully, will count towards a qualification offered by a New Zealand tertiary education provider.
86. The study must be assessed by NZQA as being equivalent to level 7 or above on the New Zealand Register of Quality Assured Qualifications developed by NZQA under s 452(1)(c) of the Education and Training Act 2020.
87. The borrower will need to provide a letter from their New Zealand education provider confirming the details of their study and that the arrangements meet these requirements.
88. If the application is approved, the borrower will need to provide Inland Revenue with details of their worldwide income.<sup>37</sup> They may also still be required to make repayments while overseas.

### **Completing postgraduate study with a New Zealand tertiary education provider that cannot be completed in New Zealand**

89. A borrower can apply to be treated as being in New Zealand if the principal reason they are overseas is to complete full-time postgraduate study that cannot be completed in New Zealand.

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<sup>37</sup> If the application is being made retrospectively, a worldwide income declaration will be required before the application is approved.

- 90. They must be undertaking study that they are enrolled in with a New Zealand tertiary education provider and that, if completed successfully, will count towards a qualification offered by a New Zealand tertiary education provider.
- 91. The study must be assessed by NZQA as being equivalent to level 8 or above on the New Zealand Register of Quality Assured Qualifications developed by NZQA under s 452(1)(c) of the Education and Training Act 2020.
- 92. The borrower will need to provide a letter from their New Zealand education provider confirming the details of their study meet these requirements.
- 93. If the application is approved, the borrower will need to inform Inland Revenue of their worldwide income.<sup>38</sup> They may also still be required to make repayments while overseas.

### **Interning or studying overseas with a government-funded scholarship**

- 94. A borrower who is receiving a qualifying government-funded scholarship for a course of study or an internship may be able to apply to be treated as being in New Zealand, if that is the principal reason they are not in New Zealand.
- 95. The borrower will need to be receiving a qualifying scholarship for full-time study, a full-time internship, or a part-time internship with part-time study.
- 96. They will need to obtain a letter from Education New Zealand confirming the study or internship meets the criteria and send this to Inland Revenue.
- 97. If the application is approved, the borrower will need to inform Inland Revenue of their worldwide income.<sup>39</sup> They may still be required to make repayments while overseas.

### **In Niue, the Cook Islands, Tokelau, or the Ross Dependency**

- 98. If the principal reason a borrower is not in New Zealand is because they are in Niue, the Cook Islands, Tokelau or the Ross Dependency, they may be able to be treated as being in New Zealand.
- 99. The borrower must meet their repayment obligations on time during the period they are treated as being in New Zealand.

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<sup>38</sup> If the application is being made retrospectively, a worldwide income declaration will be required before the application is approved.

<sup>39</sup> If the application is being made retrospectively, a worldwide income declaration will be required before the application is approved.

100. If the application is approved, the borrower will need to inform Inland Revenue of their worldwide income.<sup>40</sup> They may still be required to make repayments while overseas.

## **Accompanying spouse or partner**

101. A borrower may be able to be treated as being in New Zealand if the principal reason they are going overseas is to accompany their spouse, civil union partner or de facto partner and the spouse or partner is going overseas:
- in the service of the Government of New Zealand (see from [52]);
  - to volunteer for a charity, provided they meet certain requirements (see from [55]);
  - as required for their employment (see from [72]); or
  - under any of the study or internship exceptions (see from [76]).
102. The borrower must have been a New Zealand tax resident under the ITA for the period to which the application applies.
103. They must provide evidence of their relationship, including that they were living with their spouse or partner before they left New Zealand.
104. The borrower must also provide proof that their spouse or partner meets the requirements for one of the exceptions listed above.

## **Serious illness, injury or disability**

105. If a borrower has a serious illness, injury or disability and is unable to make their overseas-based repayments as a result, they may be able to be treated as being in New Zealand.
106. They may, therefore, (depending on the length of their serious injury, illness or disability) become a New Zealand-based borrower and have their repayment obligations based on their income rather than the overseas-based repayment formula.
107. The illness, injury or disability must be one that results in the borrower not being able to engage in paid work other than for a token payment or very low wage, or that poses a serious and imminent risk of death.
108. The borrower must also have no other way of meeting the repayment obligations (eg, from other sources of income such as from a rental property, or from savings).

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<sup>40</sup> If the application is being made retrospectively, a worldwide income declaration will be required before the application is approved.

109. To apply to be treated as being in New Zealand under this circumstance, the borrower will need to provide a medical certificate or letter from a doctor. They will also need to inform Inland Revenue of their worldwide income and provide other financial details such as information about their expenses and assets.

## Becoming a New Zealand-based borrower when returning to New Zealand

110. A borrower who is overseas-based will become New Zealand-based in either of the following circumstances:
- They are present in New Zealand for 183 consecutive days (see from [114]).
- OR**
- They are **treated as** having been present in New Zealand for 183 consecutive days. This will be the case if the borrower has been present in New Zealand for 152 or more total days in any 183-day period starting on any full day the borrower was in New Zealand (see from [115]).
111. For either of these tests, the 183-day period can be any 183-day period and can span calendar years and/or income years. The 183-day period can begin before the person becomes a borrower.<sup>41</sup>
112. Days of partial presence in New Zealand (eg, days of arrival to and departure from New Zealand) are treated as days in New Zealand. Therefore, if a borrower is in New Zealand for any part of a day, that day will count towards days present in New Zealand.<sup>42</sup>
113. If a borrower returns to New Zealand and becomes a New Zealand-based borrower, their student loan will be interest free from the date they become a New Zealand-based borrower, and repayments will be based on how much they earn. However, most returning borrowers will still have a part-year overseas-based repayment obligation to pay before their repayments revert to being based on their earnings.

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<sup>41</sup> Section 22(2).

<sup>42</sup> Section 24.



## Becoming New Zealand-based because a borrower is in New Zealand for 183 consecutive days

114. When an overseas-based borrower returns to New Zealand, after 183 consecutive days here they will become New Zealand-based. They will be treated as being a New Zealand-based borrower from the later of:<sup>43</sup>

- the first of the 183 consecutive days they were in New Zealand; or
- the day they became a borrower.

See Example | Tauira 7.

### Example | Tauira 7 – Becoming New Zealand-based because borrower is in New Zealand for 183 consecutive days

Alex has a student loan and is an overseas-based borrower. He has spent the last 2 years working in Australia.

**17 February 2025** – Alex returns to New Zealand to start a new job. Alex does not leave New Zealand again until January 2026 when he goes to Melbourne for a week.

Alex is in New Zealand for 183 consecutive days from 17 February 2025 to 18 August 2025. He therefore becomes a New Zealand-based borrower as of 17 February 2025, being the first of the 183 consecutive days he was in New Zealand.

## Becoming New Zealand-based because a borrower is treated as having been in New Zealand for 183 consecutive days

115. A borrower may also become a New Zealand-based borrower if they are **treated as having been** in New Zealand for 183 consecutive days. A borrower will be treated as having been in New Zealand for 183 consecutive days if they have not been absent from New Zealand for more than 31 days in total in any 183-day period starting on any day they were in New Zealand. They will be treated as being New Zealand-based from the later of:<sup>44</sup>

- the first day of the 183-day period; or
- the day on which they became a borrower.

116. This test means that for a borrower returning to New Zealand, trips out of New Zealand in a 183-day period that add up to less than 32 days will not stop the

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<sup>43</sup> Section 22(3).

<sup>44</sup> Section 22(3).

borrower becoming a New Zealand-based borrower from the time they moved back here.

117. This test also means a borrower may become New Zealand-based again from a time before they moved back to New Zealand permanently (eg, because of an earlier trip back to New Zealand for a job interview or to visit family). Example | Tauira 8 illustrates this situation.

**Example | Tauira 8 – Becoming New Zealand-based because borrower is treated as having been in New Zealand for 183 consecutive days (away from New Zealand for less than 32 days in a 183-day period)**

Norman is an overseas-based borrower.

**12 June 2025:** Norman comes to New Zealand for 25 days to look for a job.

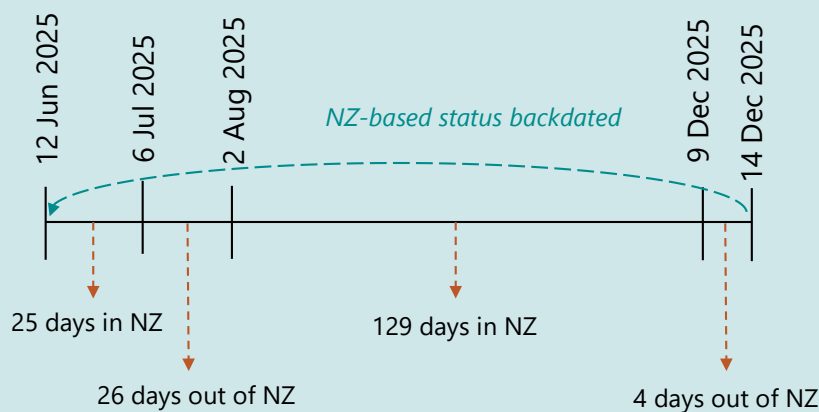
**6 July 2025:** Norman goes back to Finland for 26 days to pack up to move to New Zealand.

**2 August 2025:** Norman is in New Zealand for 129 days while he settles into his new job.

**9 December 2025:** Norman leaves for 4 days to attend a concert in Australia.

**14 December 2025:** Norman returns to New Zealand again.

In the 183-day period from **12 June 2025** to **14 December 2025**, Norman was away from New Zealand for 30 days. As Norman was not away for 32 or more days in that 183-day period, he is **treated as** having been in New Zealand for the full 183 days. He therefore meets the requirements for becoming New Zealand-based. His status as being New Zealand-based is backdated to the first day of the 183-day period, which was **12 June 2025**.



## Repayments and interest when returning to New Zealand

118. When a borrower becomes New Zealand-based, their loan will be interest free from the first day of their status as New Zealand-based. Any interest charged from the first day that counts towards the borrower becoming New Zealand-based until the day-count test for becoming New Zealand-based has been satisfied, will be retroactively removed.

### Tie-breaker

119. A borrower who has been overseas for 153 or more days in a 184-day period, but for less than 184 days, is considered an overseas-based borrower. This is because, as explained from [21], if a borrower spends less than 32 days in total in New Zealand in a 184-day period they will be treated as being away from New Zealand for 184 days. If a borrower is overseas for 153 or more days in a 184-day period, it is impossible for them to spend 32 or more days in New Zealand in that 184-day period.
120. If, however, the borrower then returns to New Zealand, this overseas-based status may be reversed.
121. This reversal may occur because a borrower cannot be treated as both overseas and present in New Zealand on the same day. If any days of presence in New Zealand that are treated as overseas days for becoming overseas-based **also** count towards becoming New Zealand-based, the New Zealand-based treatment of those days takes precedence and they cannot be treated as overseas days. This may mean that the borrower would no longer meet the 184-day threshold for being overseas-based (or may not meet it until a later date). The following examples illustrate circumstances in which the borrower's days overseas are treated as New Zealand days (Example | Tauria 9) and circumstances in which they are not (Example | Tauria 10).
122. If a borrower has been overseas for 153 or more days in a 184-day period but for less than 184 days and returns to New Zealand, they should check their status. They can do so by using the travel dates tool in myIR (described in the note under [16]), or by contacting Inland Revenue to discuss their circumstances.

### Example | Taurira 9 – Tie-breaker: days treated as overseas become treated as New Zealand days

Lilian has a student loan and is New Zealand-based. She decides to travel overseas before starting to look for work.

**18 February 2025** – Lilian leaves for her “OE” (overseas experience) and spends 145 full days away from New Zealand.

**14 July 2025** – Lilian returns to New Zealand. She is in New Zealand for 25 days.

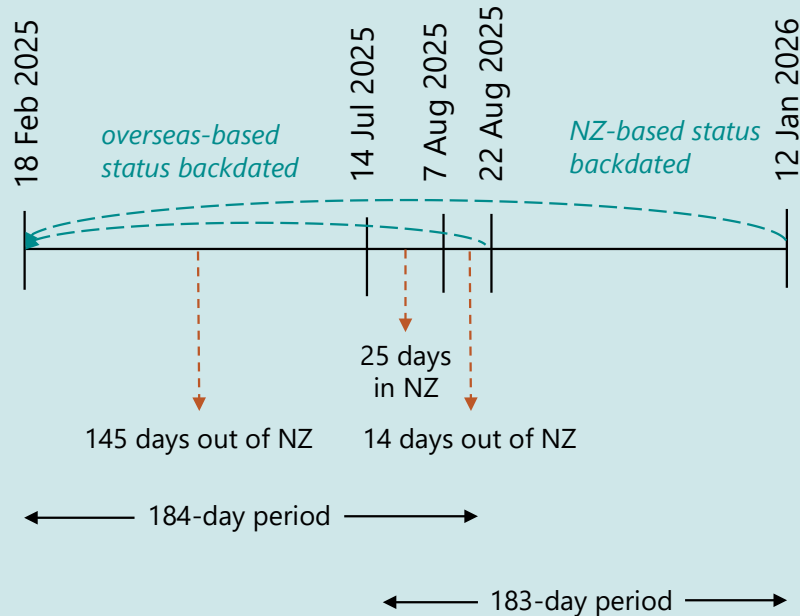
**7 August 2025** – Lilian departs New Zealand to spend two weeks with her sister in Australia, returning on 22 August 2025. [Away from New Zealand for 14 days]

**21 August 2025** – It is now 184 days since Lilian’s first full day of absence from New Zealand (19 February 2025). Lilian is considered an overseas-based borrower as she was in New Zealand for less than 32 days in the 184-day period from 19 February 2025 to 21 August 2025 (she was in New Zealand for only 25 days in that 184-day period).

While Lilian is treated as an overseas-based borrower with effect from 19 February 2025 because she was in New Zealand for less than 32 days in the 184-day period from 19 February 2025 to 21 August 2025, she returned from her OE before the end of that period (on 14 July 2025). This means there may be days, starting from 14 July 2025 that, on the face of it, count towards both the overseas-based borrower and New Zealand-based borrower tests.

**12 January 2026** – It is now 183 days since Lilian returned from her OE on 14 July 2025.

On the face of it, the 25 days from **14 July 2025** to **7 August 2025** and the 14 days from **8 August 2025** to **21 August 2025** are treated both as overseas days for the purpose of the tests for becoming overseas-based and as days of presence in New Zealand for the purpose of the tests for becoming New Zealand-based. A day cannot be treated as both a day overseas and a day of presence in New Zealand. In this situation, the days will count only as a New Zealand-based days not as an overseas-based days. This means that Lilian is now treated as only having spent 145 days overseas (the days she was in fact overseas on her OE). The 25 days from 14 July 2025 to 7 August 2025, on which she was in New Zealand but treated as overseas, no longer count as overseas days. And the 14 days from 8 August 2025 to 21 August 2025, on which she was overseas are treated as days in New Zealand. As Lilian is treated as overseas for less than 184 days, she will be considered a New Zealand-based borrower for the entire period and her overseas-based status will be reversed. Any interest charged will be retroactively removed, as Lilian’s overseas-based status is reversed completely.



In the 184-day period starting on 19 February 2025, Lilian was in New Zealand for only 25 days, so those 25 days are initially treated as days out of New Zealand. However, in the 183-day period starting on 14 July 2025, Lilian is overseas for only 14 days. As such, she is treated as being in New Zealand for the whole of that 183-day period (14 July 2025 to 12 January 2026). The 25 days that were initially treated as overseas days are now treated as days in New Zealand, and that treatment overrides the overseas treatment. And the 14 days she was out of New Zealand in the 183-day period are also treated as days in New Zealand. This reverses Lilian's treatment as overseas-based, as she is no longer treated as having been absent from New Zealand for 184 consecutive days - only the initial 145 days out of New Zealand count as overseas days, which is not enough for Lilian to be overseas-based.

### Example | Taura 10 – Tie-breaker does not apply: days treated as overseas remain as such

Josie is a New Zealand-based borrower who travels overseas as follows:

**14 November 2024:** Goes overseas. [Away from New Zealand for 20 days]

**5 December 2024:** Back to New Zealand. [In New Zealand for 18 days]

**22 December 2024:** Leaves New Zealand again. [Away from New Zealand for 87 days]

**20 March 2025:** Back to New Zealand. [In New Zealand for 5 days]

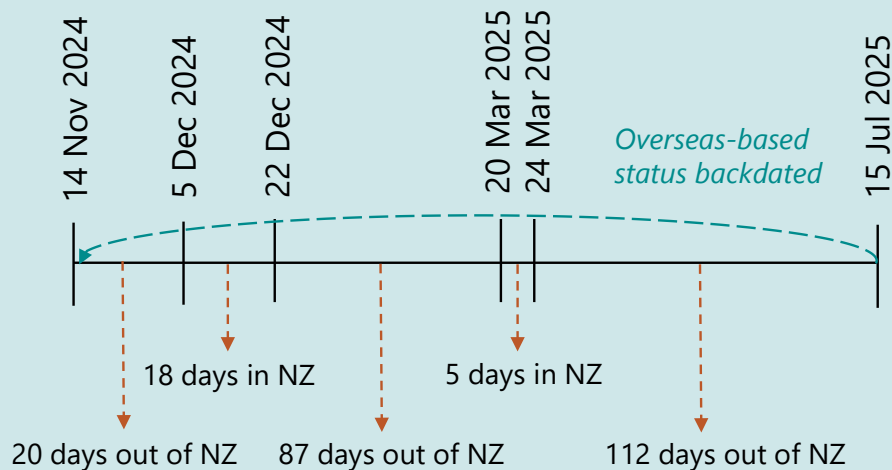
**24 March 2025:** Leaves New Zealand again. [Away from New Zealand for 112 days]

**15 July 2025:** Arrives back in New Zealand to live here permanently.

In the 184-day period from 15 November 2024 to 17 May 2025, Josie spent less than 32 days in New Zealand (she was here for 23 days in New Zealand in total in that period). She is, therefore, overseas-based from the first day she was absent in that period, which was 15 November 2024, and her loan is subject to interest from that date.

None of the days Josie was in New Zealand before her permanent return to New Zealand counts towards her becoming New Zealand-based. This is because there is no 183-day period starting before her return on 15 July 2025 for which Josie meets one of the tests for becoming New Zealand-based again. Because there are no days that are treated as both overseas days and New Zealand days for the purpose of the tests for becoming overseas-based and New Zealand-based (respectively), the tie-breaker test is not relevant to Josie.

Once Josie has been in New Zealand for 183 consecutive days (which will occur on 13 January 2026, assuming she takes no further trips overseas), she will become a New Zealand-based borrower again, with effect from 15 July 2025.



## Relevance of tax residence

123. A person's tax residence status is relevant to what taxes they may have to pay in New Zealand. A person's tax residence status is different from their status as being New Zealand-based or overseas-based student loan purposes. A person may be tax resident in New Zealand but be an overseas-based borrower. Likewise, a person may be tax non-resident but be a New Zealand-based borrower.

124. For student loans, tax residence under the ITA is relevant if a borrower is applying to be treated as physically in New Zealand because of:
- an unexpected delay (see from [61]);
  - an unplanned personal absence (see from [67]);
  - an absence required for their employment or occupation (see from [72]); or
  - an absence due to accompanying a spouse, civil union partner or de facto partner overseas in certain circumstances (see from [101]).
125. To meet the tax residence requirement in each of those circumstances, it is not relevant whether taxing rights are allocated to New Zealand under any applicable double tax agreement. What is relevant is only whether the borrower is tax resident under one of the tests in the ITA (see [127]).
126. The following discussion sets out the tax residence tests in the ITA that apply to individuals. This will assist borrowers who are in any of the circumstances listed at [124] to understand if they satisfy the tax residence requirement to potentially be treated as physically in New Zealand. Example | Tauira 11 illustrates a situation where tax residence and student loan status (New Zealand-based or overseas-based) may not align.

## Tax residence rules for individuals

127. An individual is a New Zealand tax resident if they:
- have a permanent place of abode in New Zealand, even if they have a permanent place of abode elsewhere;<sup>45</sup>
  - have been in New Zealand for more than 183 days in total in any 12-month period and have not ceased being tax resident;<sup>46</sup> or
  - are absent from New Zealand in the service of the New Zealand Government.<sup>47</sup>
128. If someone is a New Zealand tax resident, they will become a non-resident if they do not have a permanent place of abode in New Zealand and are away from New Zealand for more than 325 days in a 12-month period. Non-residence will be backdated to the later of the first full day of absence from New Zealand or the day after the person ceased having a permanent place of abode in New Zealand.

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<sup>45</sup> Section YD 1(2) of the ITA.

<sup>46</sup> Section YD 1(3) of the ITA. Note there is an exception to this rule for persons employed under the recognised seasonal employment scheme.

<sup>47</sup> Section YD 1(7) of the ITA.

129. Any part-day of presence (eg, the day someone arrives in or departs from New Zealand) counts as a whole day of presence. The 183 days of presence or 325 days of absence do not need to be consecutive.
130. The 'permanent place of abode' test is the overriding test. Tax residence is backdated to the first of the 183 days of presence, provided the person did not have a permanent place of abode in New Zealand earlier than that date. Non-residence status is backdated to the first of the 325 days of absence on which the person did not have a permanent place of abode in New Zealand.

### **Example | Taura 11 – Tax residence and student loan status may not align**

Jeff has a student loan. After finishing his studies and working in New Zealand for 2 years, he and his brother purchase an apartment in Christchurch together, as a home for them to live in.

Jeff is an IT contractor. Over the next year, he has various contracts for work in New Zealand and in Australia. He lives in the apartment in Christchurch when he has New Zealand-based contracts and he stays in Australia when he has contracts there.

**15 January 2022:** Jeff leaves New Zealand for a contract in Sydney.

**1 April 2022:** Jeff returns to New Zealand for contract here.

**16 April 2022:** Jeff leaves New Zealand for a contract in Melbourne.

**30 July 2022:** Jeff and his brother move to the United Kingdom (Jeff directly from Melbourne) and rent out their New Zealand apartment through a rental property management company.

**15 January 2025:** Jeff returns to New Zealand with his girlfriend, who he met overseas. They travel around the country, doing a number of New Zealand's Great Walks and exploring various tourist destinations.

**16 July 2025:** Jeff and his girlfriend return to the United Kingdom permanently.

The following paragraphs explain how the different tests for tax residence and student loan status can result in tax residence and student loan status not aligning.

#### **Overseas-based borrower but tax resident**

Jeff is treated as being physically absent from New Zealand for 184 consecutive days starting from 16 January 2022 (the first full day he was away from New Zealand) and ending on 18 July 2022. This is because in that 184-day period, Jeff was in New Zealand for 31 days or less (16 days from 1 April 2022 to 16 April 2022). As such, he will be an overseas-based borrower and that status will apply from 16 January 2022. However, Jeff continues to be tax resident in New Zealand until 30 July 2022, as he has



a permanent place of abode in New Zealand (the apartment he lives in when he is here).

#### **Overseas-based borrower and tax non-resident**

From 30 July 2022, Jeff will be both an overseas-based borrower and a tax non-resident in New Zealand. From this date, when the apartment is rented out, Jeff no longer has a permanent place of abode in New Zealand. Once he has been away from New Zealand for more than 325 days in a 12-month period (which occurs on 23 December 2022, his 326th day of absence from New Zealand in the 12-month period starting on 16 January 2022), his status as a tax non-resident is backdated to the first day he was absent from New Zealand and did not have a permanent place of abode in New Zealand (30 July 2022).

#### **New Zealand-based borrower but tax non-resident**

From 15 January 2025 to 16 July 2025, Jeff will be a New Zealand-based borrower again, as he is in New Zealand for 183 consecutive days. His status as a New Zealand-based borrower is backdated to the first day of his presence in New Zealand (15 January 2025). However, Jeff remains tax non-resident. He does not have a permanent place of abode in New Zealand during this period, and he is not in New Zealand for more than 183 days.

#### **Overseas-based borrower and tax non-resident**

From 17 July 2025, Jeff is an overseas-based borrower again. From that date, he is overseas permanently. His overseas-based borrower status applies from the first full day of his absence from New Zealand (17 July 2025). Jeff continues to be tax non-resident in New Zealand.

## **References | Tohutoro**

### **Legislative references | Tohutoro whakatureture**

#### **Education and Training Act 2020**

Section 452

#### **Income Tax Act 2007**

Sections RD 3(1) ("PAYE income payment") and YD 1

#### **Student Loan Scheme Act 2011**

Sections 22, 23, 24, 25, 26, 27A, 28, 36, 37, 107, 107A, 108, 110, 112, 133, 135, 139, 146 and sch 1

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## About this document | Mō tēnei tuhinga

Interpretation statements are issued by the Tax Counsel Office. They set out the Commissioner's views and guidance on how New Zealand's tax laws apply. They may address specific situations we have been asked to provide guidance on, or they may be about how legislative provisions apply more generally. While they set out the Commissioner's considered views, interpretation statements are not binding on the Commissioner. However, taxpayers can generally rely on them in determining their tax affairs. See further [Status of Commissioner's advice](#) (Commissioner's statement, Inland Revenue, December 2012). It is important to note that a general similarity between a taxpayer's circumstances and an example in an interpretation statement will not necessarily lead to the same tax result. Each case must be considered on its own facts.

## Appendix – Relevant provisions of the Student Loan Scheme Act 2011

### 22 Meaning of New Zealand-based

- (1) A borrower is **New Zealand-based** if—
- (a) the borrower is physically in New Zealand for a period of 183 consecutive days; or
  - (b) the borrower is treated as being physically in New Zealand for a period of 183 consecutive days because—
    - (i) the borrower is physically absent from New Zealand for a period, or aggregated periods, of no more than 31 days during a period of 183 consecutive days; and
    - (ii) the borrower is physically in New Zealand for the first day of that 183-day period.
- (1A) A day on which a borrower is treated as being physically in New Zealand under section 24 or 25 counts in the same way as a day on which the borrower is actually physically in New Zealand.
- (2) A period of 183 consecutive days may include any days before the day on which a person becomes a borrower.
- (3) For the purposes of subsection (1), a borrower is treated as being New Zealand-based—
- (a) from the later of—
    - (i) the day on which he or she became a borrower; and
    - (ii) the first day of the 183-day period; and
  - (b) for each subsequent day.
- (4) A borrower ceases to be New Zealand-based if that borrower becomes overseas-based.

### 23 Meaning of overseas-based

- (1) The following persons are **overseas-based**:
- (a) a borrower who is not New Zealand-based under section 22;
  - (b) a New Zealand-based borrower who is physically absent from New Zealand for a period of 184 consecutive days;
  - (c) a New Zealand-based borrower who is treated as physically absent from New Zealand for a period of 184 consecutive days because—
    - (i) the borrower is physically in New Zealand for a period, or aggregated periods, of 31 days or less during a period of 184 consecutive days; and
    - (ii) the borrower is physically absent from New Zealand for the first day of that 184-day period.

- (1A) A borrower must not be treated as being physically absent from New Zealand for any day on which that borrower is treated as being physically in New Zealand under section 22(1)(b).
- (1B) A day on which a borrower is treated as being physically in New Zealand under section 24 or 25 counts in the same way as a day on which the borrower is actually physically in New Zealand.
- (2) A period of 184 consecutive days may include any days before the day on which a person becomes a borrower.
- (3) For the purposes of subsection (1), a borrower is treated as being overseas-based—
  - (a) from the later of—
    - (i) the day on which he or she became a borrower; and
    - (ii) the first day of the 184-day period; and
  - (b) for each subsequent day.
- (4) A borrower ceases to be overseas-based if that borrower becomes New Zealand-based.

## **24 Treatment of partial days**

For the purposes of sections 22 and 23, if a borrower is physically in New Zealand for part of a day, that borrower is treated as—

- (a) being physically in New Zealand for the whole of that day; and
- (b) not being physically absent from New Zealand for any part of that day.

## **25 Commissioner may treat certain borrowers as being physically in New Zealand**

- (1) On the application of a borrower, the Commissioner may, for the purposes of sections 22 to 24 and if the Commissioner considers that it is fair and reasonable to do so, treat a borrower as being physically in New Zealand if the principal reason that the borrower is not, was not, or will not be physically in New Zealand is because—
  - (a) the borrower is in the service in any capacity of the Government of New Zealand; or
  - (b) the borrower is working as a volunteer or for token payment for a charity; or
  - (c) of an unexpected delay; or
  - (d) of an unplanned personal absence; or
  - (e) the borrower is required to be overseas because of the borrower's employment or occupation; or
  - (f) the borrower is accompanying his or her spouse, civil union partner, or de facto partner overseas; or
  - (g) the borrower is undertaking study that meets the requirements of clause 7 of Schedule 1; or

- (h) the borrower is undertaking study that meets the requirements of clause 8 of Schedule 1; or
  - (i) the borrower is undertaking study that meets the requirements of clause 9 of Schedule 1; or
    - (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
  - (j) the borrower is in 1 or more of Niue, the Cook Islands, Tokelau, or the Ross Dependency.
- (2) Subsection (1)(b) to (j) and subsection (3) are subject to the conditions set out in, as applicable, clauses 2 to 11 of Schedule 1.
- (3) On application, the Commissioner may, for the purposes of sections 22 to 24 and if the Commissioner considers that it is fair and reasonable to do so, treat a borrower as being physically in New Zealand if the Commissioner is satisfied that the borrower—
- (a) has a serious illness for the period to which the application relates; and
  - (b) is unable to meet their overseas-based repayment obligation for that period as a result of that serious illness.
- (4) In subsection (3), **serious illness** means an injury, illness, or disability that—
- (a) results in the borrower being unable to engage in paid work (other than work for which the person is paid a token payment or a very low wage); or
  - (b) poses a serious and imminent risk of death.

...

#### 110 Repayment obligations of overseas-based borrowers

- (1) This section applies to an overseas-based borrower who—
- (a) is not or is no longer entitled to a temporary repayment suspension under section 107B or 108A(2); and
  - (b) has not had his or her overseas-based repayment obligation reassessed under section 115A.
- (2) The borrower's repayment obligation for every full tax year during which this section applies to the borrower is—
- (a) \$1,000, if the relevant loan balance is less than or equal to \$15,000;
  - (b) \$2,000, if the relevant loan balance is more than \$15,000 but less than or equal to \$30,000;
  - (c) \$3,000, if the relevant loan balance is more than \$30,000 but less than or equal to \$45,000;

(d) \$4,000, if the relevant loan balance is more than \$45,000 but less than or equal to \$60,000:

(e) \$5,000, if the relevant loan balance is more than \$60,000.

(3) The borrower's repayment obligation for any portion of a tax year (being less than a full tax year) during which this section applies to the borrower must be calculated in accordance with the following formula:

$$(x \div 365) \times y$$

where—

x is the number of days in the tax year during which this section applies to the borrower

y is the amount that would apply under subsection (2) if this section applied to the borrower for the full tax year.

(4) In this section—

**existing borrower** means a borrower who was overseas-based on 31 March 2014 and has been continuously overseas-based since that date

**relevant loan balance** means the borrower's consolidated loan balance on the start date or, if the borrower's consolidated loan balance increases, the greatest balance on any 31 March after the start date but before the last day of the tax year

**start date** means,—

(a) for an existing borrower, 31 March 2014:

(b) for any other borrower, the day when the borrower becomes overseas-based.

...

## Schedule 1

### Conditions to borrower being treated as being physically in New Zealand

#### 1 Definitions

In this schedule,—

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

**ENZ** means Education New Zealand continued by section 510 of the Education and Training Act 2020

**government department** means a public service agency as defined in section 5 of the Public Service Act 2020

**NZQA** means the New Zealand Qualifications Authority continued by section 430 of the Education and Training Act 2020

**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 Conditions to charity application**

- (1) A borrower who makes an application under section 25(1)(b) must provide the Commissioner with evidence that the work the borrower is doing as a volunteer or for token payment for a charity is 1 or more of the following:
  - (a) work to relieve poverty, hunger, sickness, or the ravages of war or natural disaster; or
  - (b) work to improve the economy of a country that is on the Organisation for Economic Co-operation and Development's list of countries receiving development assistance; or
  - (c) work to raise the educational standards of a country that is on the Organisation for Economic Co-operation and Development's list of countries receiving development assistance.
- (2) The charity must be listed as a charity under section 27A either—
  - (a) at the time the Commissioner grants the application; or
  - (b) if the work is completed before an application is made, for the period of work to which the application relates.
- (3) The Commissioner may treat a borrower as being physically in New Zealand under section 25(1)(b) for a maximum aggregate period of up to 24 months.

## **3 Conditions to unexpected delay application**

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

- (a) have been a New Zealand resident for the period to which the application applies; and
- (b) provide evidence—
  - (i) of the borrower's intended return to New Zealand; and
  - (ii) that, if the borrower had returned to New Zealand as intended, the borrower would have been New Zealand-based; and
- (c) provide evidence of the unexpected delay that resulted in the borrower not being able to return to New Zealand as intended; and
- (d) provide evidence that the unexpected delay was due to an event or to circumstances beyond the reasonable control of the borrower, like (for example)—
  - (i) an airline strike, a personal illness, or the death of a family member;
  - (ii) a fire, flood, storm, earthquake, landslide, volcanic eruption, or other act of God;

- (iii) an explosion or nuclear, biological, or chemical contamination:
- (iv) sabotage, terrorism, or an act of war (whether declared or not).

#### 4 Conditions to unplanned personal absence application

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

- (a) have been a New Zealand resident for the period to which the application applies; and
- (b) provide evidence of the duration of the borrower's unplanned personal absence from New Zealand; and
- (c) provide evidence that the borrower's unplanned personal absence was due to an event or to circumstances beyond the reasonable planning and control of the borrower, like (for example)—
  - (i) the illness or death of a family member who is overseas;
  - (ii) the borrower's employer requiring the borrower to attend a conference overseas.

#### 5 Conditions to employment or occupation absence application

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

- (a) be a New Zealand resident for the period to which the application applies; and
- (b) have a permanent place of abode only in New Zealand; and
- (c) provide evidence that the borrower derives either—
  - (i) a PAYE income payment as defined in section RD 3(1) of the Income Tax Act 2007, having a source in New Zealand; or
  - (ii) income from a business that has a permanent establishment in New Zealand; and
- (d) provide evidence that the majority of the borrower's personal absences from New Zealand are because of the borrower's employment or occupation.

#### 6 Conditions to marriage, civil union, or de facto application

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

- (a) be a New Zealand resident for the period to which the application applies; and
- (b) provide evidence of the borrower's relationship with his or her spouse, civil union partner, or de facto partner (**partner**); and
- (c) provide evidence that the borrower's personal absence from New Zealand is because the borrower is accompanying his or her partner overseas; and
- (d) provide evidence that the borrower's partner—
  - (i) is physically absent from New Zealand in the service in any capacity of the Government of New Zealand; or



- (ii) satisfies the conditions in clause 2, 5, 7, 8, 9, 9A, or 9B.

- (2) The Commissioner may treat a borrower whose partner satisfies the conditions in clause 2 (working as a volunteer or for token payment for a charity) as being physically in New Zealand under section 25(1)(f) for a maximum aggregate period of up to 24 months.

#### **7 Condition to study at postgraduate or undergraduate level overseas application**

- (1) A borrower who makes an application under section 25(1)(g) must—
  - (a) be undertaking study at postgraduate or undergraduate level; and
  - (b) provide the Commissioner with the following:
    - (i) evidence from the NZQA verifying that the borrower's course is study at postgraduate or undergraduate level; and
    - (ii) evidence from the borrower's overseas education provider verifying that the borrower is enrolled full-time in the course verified by the NZQA.

- (2) In this clause, **study at postgraduate or undergraduate level** means study that is assessed by the NZQA as being equivalent to level 7, 8, 9, or 10 on the New Zealand Register of Quality Assured Qualifications developed by the NZQA under section 452(1)(c) of the Education and Training Act 2020.

#### **8 Condition to full-time overseas study under formal exchange programme or formal agreement application**

- (1) A borrower who makes an application under section 25(1)(h) must—
  - (a) be undertaking study that—
    - (i) the borrower is enrolled in with a New Zealand tertiary education provider; and
    - (ii) if it is completed successfully, will count towards a qualification offered by a New Zealand tertiary education provider; and
    - (iii) is assessed by the NZQA as being equivalent to level 7 or above on the New Zealand Register of Quality Assured Qualifications developed by the NZQA under section 452(1)(c) of the Education and Training Act 2020; and
    - (iv) is full-time and undertaken overseas as part of either—
      - (A) a formal exchange programme approved by the New Zealand Government; or
      - (B) a formal agreement between a New Zealand tertiary education provider and an overseas tertiary provider; and
  - (b) provide the Commissioner with evidence from the borrower's New Zealand tertiary education provider verifying that the borrower's study meets the requirements of paragraph (a).

- (2) In this clause, **overseas tertiary provider** means an institution or organisation that—

- (a) provides tertiary education or training; and

- (b) is based in a country other than New Zealand; and
- (c) is registered by an appropriate education authority in that country.

#### **9 Condition to full-time overseas study application**

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

- (a) be undertaking study that—
  - (i) the borrower is enrolled in with a New Zealand tertiary education provider; and
  - (ii) if it is completed successfully, will count towards a qualification offered by a New Zealand tertiary education provider; and
  - (iii) is assessed by the NZQA as being equivalent to level 8 or above on the New Zealand Register of Quality Assured Qualifications developed by the NZQA under section 452(1)(c) of the Education and Training Act 2020; and
  - (iv) is full-time and undertaken overseas; and
  - (v) cannot be completed in New Zealand; and
- (b) provide the Commissioner with evidence from the borrower's New Zealand tertiary education provider verifying that the borrower's study meets the requirements of paragraph (a).

#### **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-funded scholarship in respect of the internship.

**10 Conditions to Niue, Cook Islands, Tokelau, and Ross Dependency application**

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

- (a) provide the Commissioner with evidence that he or she is physically in 1 or more of New Zealand, Niue, the Cook Islands, Tokelau, or the Ross Dependency for the period to which the application applies; and
- (b) pay his or her repayment obligation in full when, or before, it falls due during the period he or she is treated as being physically in New Zealand.

**11 Certain exempt borrowers must notify Commissioner of their worldwide income**

- (1) This clause applies to a borrower who is treated as being physically in New Zealand under any of paragraphs (b), (g), (h), (i), (ia), (ib), and (j) of section 25(1) or under section 25(3).
- (2) The borrower must notify the Commissioner of the borrower's adjusted net income in accordance with section 114(2), and sections 114(3) and (4) and 114A apply accordingly.