



Fact sheet

(Updated on 27/09/2016 to reflect Cabinet decisions on amendments to the Student Allowances Scheme Regulations and the making of Education Act regulations)

Changes to funding policies for studying overseas

The student loan interest exemption for full-time study overseas

Student loans are interest-free for borrowers who go overseas for 183 days or less and have been living in New Zealand for at least 183 days immediately prior.

We are extending the student loan interest exemption to recipients (and eligible partners) of Government-funded scholarships who are studying full-time overseas or on an internship¹. This will be irrespective of the level of study for which the scholarship is provided. This change will be implemented from the date of enactment.

Example:

Katherine has an 8 month internship in Japan, which is supported by a Prime Minister's Scholarship for Asia. Katherine has an existing student loan and 6 months after leaving New Zealand, interest starts to be charged on her student loan. Once the necessary legislation is passed, Katherine can apply for an interest exemption for the remainder of the time she is on her internship. Katherine must get her internship verified by Education New Zealand and must provide this to Inland Revenue when she applies for an interest exemption.

Changes to funding for study at an overseas campus or delivery site of a New Zealand Tertiary Education Organisation (NZ TEO)

For study starting on or after 1 January 2017, tuition subsidy funding and student support will be available to New Zealanders who study at an overseas campus or delivery site of a NZ TEO² in the following circumstances:

1. *The study is in Asia, Latin America, or the Middle East.* These are regions New Zealand wishes to expand commercial and social linkages with (the eligible countries within these regions are appended).

And

2. The study is at level 7 or above on the NZQF³. This level of study is targeted in order to have increased benefits in terms of establishing international research and business connections.

And

3. *The study is undertaken full-time and face-to-face as part of a New Zealand qualification.* Students still need to complete part of their qualification in New Zealand. This is to ensure that there is a benefit to New Zealand and that taxpayers get a return on their investment.

¹ A government scholarship refers to partially-and fully-funded scholarships provided by departments and Crown agents. An internship is a short-term, temporary position with an emphasis on on-the-job training and skills development.

² An overseas campus is when a NZ TEO delivers qualifications (whole or in part) at its own offshore campus using its own staff. An overseas delivery site is when a NZ TEO delivers qualifications (whole or in part) at other institutions using its own staff (or those commissioned by the NZ TEO). The Tertiary Education Commission will hold the list of eligible overseas campuses and delivery sites and provide this to StudyLink to determine student support eligibility and entitlements.

³ Student allowances eligibility rules regarding postgraduate study continue to apply.

Examples:

Emma is a New Zealand citizen and wants to undertake some of her PhD studying full-time at a delivery site of her NZ TEO in China. Emma will be eligible for tuition subsidies and student loans because her study is at level 10 on the NZQF and she will be studying in a country on the approved list.

Paul is a New Zealand citizen who wants to enrol in a bachelors degree at a campus of a NZ TEO in the Philippines. Paul will be studying face-to-face at the campus and plans to undertake all of his qualification at that campus. Paul will not be eligible for tuition subsidies or student support because part of his qualification must be undertaken in New Zealand.

Changes for New Zealand Permanent Residents (NZPRs)

From 1 January 2016, following a change to Tertiary Education Commission funding conditions, tuition subsidy funding is available to NZPRs studying outside New Zealand as part of their New Zealand qualification. This provides opportunities for more New Zealanders to study overseas and enrich their qualifications.

For study starting on or after 1 January 2017, eligibility for tuition subsidy funding and student support for NZPRs while they are studying part of their New Zealand qualification overseas (including at an overseas campus or delivery site of a NZ TEO) will be targeted. The purpose of this targeting is to ensure that NZPRs grow new overseas skills and capabilities which will provide the most benefit to NZPRs and New Zealand.

Eligibility for tuition subsidy funding and student support will be targeted for NZPRs studying overseas for part of their New Zealand qualification if they:

- are studying in an unfamiliar country⁴
- are not enrolled in extramural study
- are ordinarily resident in New Zealand.

Information on changes to student eligibility for tuition subsidies will be updated on the Tertiary Education Commission website in due course.

Example:

Vicki is a New Zealand permanent resident currently studying a New Zealand qualification at a New Zealand campus of a NZ TEO. Vicki spent the previous ten years in China. Vicki wants to participate in an exchange programme and study for a semester at a university in China. This study would be credited to her New Zealand qualification. Vicki will not be eligible for tuition subsidy funding or student support for the overseas part of her qualification because she is familiar with the country she wishes to undertake study in.

For more information on:

- *tuition subsidy funding go to www.tec.govt.nz.*
- *student support go to www.studylink.govt.nz*
- *the new interest exemption will be made available on the Education New Zealand (in terms of eligibility criteria) and Inland Revenue websites when legislation is introduced later this year.*

⁴ An unfamiliar country is a country a New Zealand permanent resident has never been to, or if they have, have not spent more than six months in that country over the previous five years.

Appendix A

The regions and countries approved for tuition subsidy funding and student support for study at an overseas campus or delivery site of a New Zealand Tertiary Education Organisation are as follows:

Region	Country
Asia	Brunei Darussalam
Asia	Cambodia
Asia	China
Asia	Hong Kong
Asia	India
Asia	Indonesia
Asia	Japan
Asia	Laos
Asia	Malaysia
Asia	Myanmar
Asia	Philippines
Asia	Republic of Korea
Asia	Singapore
Asia	Sri Lanka
Asia	Taiwan
Asia	Thailand
Asia	Viet Nam
Latin America	Argentina
Latin America	Brazil
Latin America	Chile
Latin America	Colombia
Latin America	Mexico
Latin America	Paraguay
Latin America	Peru
Latin America	Uruguay
Middle East	Iran

Region	Country
Middle East	Oman
Middle East	Saudi Arabia
Middle East	United Arab Emirates