



18 DEC 2020

Tēnā koe

On 23 November 2020, you contacted the Ministry of Social Development's (the Ministry) StudyLink service to request the following information in regard to applying for Student Allowance:

- 1. What is/are the relevant time period(s) on which parental income is assessed for purposes of the application? For example, does the calendar year you assess correspond with the income tax year ended 31 March each year or some other period end date such as 31 December 2020?*
- 2. When assessing parental income, does the department give the applicant the choice of choosing the lesser of the income tax year to 31 March 2020 and the current year-to-date taxable income or must the department take into account the period which has the higher income?*
- 3. When assessing parent income does the department consider income declared with the Inland Revenue Department for the two immediately preceding income tax years?*
- 4. Are random audits conducted once an application is lodged?*

The Ministry determined that questions 3 and 4 are best responded to under the Official Information Act (the Act) and as such, your request was forwarded onto the Official and Parliamentary Information team for response. Questions 1 and 2 are also addressed within this response, however this information is publicly available in the Student Allowance Parents' Form, which is available on the StudyLink website here: [www.studylink.govt.nz/documents/forms/student-allowance-parents.pdf](http://www.studylink.govt.nz/documents/forms/student-allowance-parents.pdf).

The student support system enables New Zealanders to participate in tertiary education and training. The main elements of the student support system are the Student Loan Scheme and the Student Allowance Scheme.

Student Loans provide funding for the tuition fees as well as a contribution towards course-related costs and living costs for full-time students. All amounts borrowed under the Loan Scheme must be repaid. More information about Student Loans and living costs is available here: [www.studylink.govt.nz/products/a-z-products/student-loan/index.html](http://www.studylink.govt.nz/products/a-z-products/student-loan/index.html).

The Student Allowance is a weekly payment for eligible students to help with living expenses during study. This payment is based on the financial and personal circumstances of the student and their family, and does not need to be paid back. More information about the Student Allowance is available here: [www.studylink.govt.nz/products/a-z-products/student-allowance/index.html#null](http://www.studylink.govt.nz/products/a-z-products/student-allowance/index.html#null).

The Ministry publishes a large amount of data regarding StudyLink assistance, which might be of interest to you. This information is available at: [www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/studylink/index.html](http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/studylink/index.html).

In regard to your request, for clarity, I will respond to each question in turn.

- 1. What is/are the relevant time period(s) on which parental income is assessed for purposes of the application? For example, does the calendar year you assess correspond with the income tax year ended 31 March each year or some other period end date such as 31 December 2020?*

For Student Allowance purposes, parents' income is defined as any income parents receive for the tax year the student started studying in. The Ministry assesses parents' current annual gross income from all sources. For students applying now, this is their parents' income for the 2020/21 tax year. If their parents' income is the same as the last complete tax year (2019/20) then that information can be used.

For New Zealand income, the tax year is generally 1 April to 31 March. Other tax years as recognised by Inland Revenue (IRD) are also acceptable. Parents living overseas can declare their income according to their resident country's tax year.

The type of evidence required for parents' income depends on the type of income, and the application explains what to provide. If an accountant or tax agent completes the income table and declaration, other evidence is not required.

- 2. When assessing parental income, does the department give the applicant the choice of choosing the lesser of the income tax year to 31 March 2020 and the current year-to-date taxable income or must the department take into account the period which has the higher income?*

The Ministry does not give parents the option of choosing the lesser of their incomes. If their income is different to last year's, the Ministry will assess the Student Allowance based on the most up to date information. This is because a parents' current circumstances has the most influence on their ability to provide support for their child.

- 3. When assessing parent income does the department consider income declared with the Inland Revenue Department for the two immediately preceding income tax years?*

When the Ministry assesses parents' current income, it is not compared with previous tax years' information held by IRD. However, as mentioned above, if their current income is the same as the last complete tax year (2019/20) then the Ministry can use that information for a student's current Student Allowance application.

- 4. Are random audits conducted once an application is lodged?*

The Ministry does not audit Student Allowance applications. However, there is a high level of verification in processing the application and, as outlined above, the Ministry requests evidence of parents' income as part of the application process.

The Ministry will check the evidence against what the parent has declared, unless the parent's accountant or tax agent has completed the income information and provided a declaration to the effect.



Furthermore, once an application is approved it may be part of the random selection for quality checking, so while this is not specifically about parents' income, the Ministry does in some capacity 'audit' all information relevant to the approval of the application, including the income declared by parents and all evidence supplied to support this. If the information provided by parents is considered to be incorrect or insufficient, the Ministry may alter entitlements or ask for more evidence.

Additionally, at the time of applying, parents declare that the information they have provided is true and they have not left anything out, and that they understand they may be asked to provide further evidence to support the income details they have given. The Ministry may investigate if an allegation is made.

If the parents are found to have made a false statement, this could result in a Student Allowance debt being established, or, in the most serious cases, where there is evidence of deliberate fraud, the Ministry may consider criminal prosecution.

Further information regarding the assessment of parental income for a Student Allowance application is available on the StudyLink website here: [www.studylink.govt.nz/about-studylink/glossary/parents-income.html](http://www.studylink.govt.nz/about-studylink/glossary/parents-income.html).

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter available to the wider public.

The Ministry will do this by publishing this letter on the Ministry of Social Development's website. Your personal details will be deleted, and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response to request regarding parents' income for a Student Allowance application, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Ngā mihi nui



Jason Dwen  
**General Manager, Centralised Services**