

There are several methods available in SmoothPay for calculation and deduction of Student Loan repayments.

- **"SL" tax codes**, calculate Student Loan repayments automatically based on income and any exemption thresholds that may apply
- **SLCIR** ordered by IRD where student loan arrears are to be repaid in addition to usual Student Loan repayments
- **SLBOR** where the employee wishes to make additional voluntary Student Loan repayments
- **Student Loan special deduction rate certificate**, varying the rate at which Student Loan repayments are to be calculated
- **Special Tax Code (STC)** certificate issued by IRD that specify a fixed rate of tax and/or student loan
- **Manual override** of Student Loan (in exceptional circumstances, or where an employee's tax is calculated from aggregated earnings from multiple jobs with the same employer)

SL tax codes (M SL, S SL etc)

Employee's must complete an IR330 Tax Declaration form when they start.

If they select one of the SL tax codes (M SL, S SL etc) then they will have any applicable Student Loan amount calculated and deducted automatically.

The employee's tax code is entered when the employee is added to SmoothPay, and may be edited in their Edit Employee..More tax settings screen, or in the Pay Input screen (by clicking the Pay Input header).

Many of these codes only cause Student Loan to be calculated if the employee earns over a certain threshold amount per pay period (this is correct and the thresholds are built-in).

NOTE: IRD may also issue you instructions to retain the SL tax code but deduct no Student Loan at all , however this option is also available in SmoothPay.

SLCIR (extra deductions notice issued by IRD)

The Commissioner of Inland Revenue may issue a demand for additional Student Loan deductions.

Complete the form in Pay Input..Tax/Salary/Child support..SLCIR from the information provided by the deduction notice.

Typically, you will be given a total amount owed and a percentage to be deducted (usually applicable to earnings over the usual threshold for the employee's SL tax code). SmoothPay will deduct the appropriate amount and keep track of the balance owed until it is cleared. Deductions will then cease automatically.

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A start date is not usually required (it'll start immediately).

These extra deductions will appear as a separate line entry on each month's IR348 report and are included in the ir-File generated by SmoothPay.

SLBOR (voluntary extra deductions requested by employee)

The employee may request that additional Student Loan deductions be made and these can be based on a total to be paid and a percentage or amount to be deducted each pay period.

Complete the form in Pay Input..Tax/Salary/Child support..SLBOR from the information provided by the employee (or IRD).

If this is a variation from IRD for an existing SL tax code then you must tick the "Do not deduct Student Loan" option in either:

- Edit Employee..More tax settings, or
- Pay Input..Title bar options (where it says [click to change])

Then, complete the SLBOR section in Pay Input..Tax/Salary/Child Support..SLBOR

Typically, you will be given a total amount owed and a percentage to be deducted (usually applicable to earnings over the usual threshold for the employee's SL tax code). SmoothPay will deduct the appropriate portion (if anything can be calculated) and keep track of the balance owed until it is cleared. Deductions will then cease automatically.

These extra deductions will appear as a separate line entry on each month's IR348 report and are included in the ir-File generated by SmoothPay.

Student Loan special deduction rate certificate

The IRD may request a variation to ordinary Student Loan deduction calculations, e.g. a percentage of earnings above the repayment threshold (\$367 per week in 2014/2015 tax year).

As normal Student Loan is not to be calculated then you must tick the "*Do not deduct Student Loan*" option in either:

- Edit Employee..More tax settings, or
- Pay Input..Title bar options (where it says [click to change])

Then, complete the SLBOR section in Pay Input..Tax/Salary/Child Support..SLBOR as required by the certificate.

These extra deductions will appear as a separate line entry on each month's IR348 report and are included in the ir-File generated by SmoothPay.

Special Tax Code (STC)

IRD may issue a special tax code certificate that specifies a percentage of tax and/or student loan to be deducted from earnings.

The STC tax code and percentages required can be entered in Edit Employee..More tax settings screen, or in Pay Input (by clicking the Pay Input header).

A further option exists for STC tax code - the IRD may require normal Student Loan deductions above the current threshold.

STC certificates expire at a given date or at the end of the tax year. If you do not receive a new certificate from IRD then the employee must complete a new IR330 declaration.

Override a Student Loan deduction

If you feel that the Student Loan amount calculated by SmoothPay is incorrect (it isn't), then you can override the amount calculated for the current pay period by selecting Pay Input..Tax/Salary/Child Support and ticking the Student Loan override option and entering the amount to be deducted.

This functionality is primarily available for capturing "take-on" pays where Student Loan (or tax etc) amounts have been calculated incorrectly.

Any overrides are your responsibility - any remedial work required by the HelpDesk as a result may incur extra support charges.

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