

G13 Building Levies and Estimated Value of Works

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1. INTRODUCTION

The purpose of this Guide is to provide assurance in the process of assessing the estimated value of works for the calculation of building levies. ORC has a statutory requirement to collect levies from building consent applicants and transfer the payments to MBIE and the Building Research Association of New Zealand Inc (BRANZ).

2. THE REQUIREMENTS FOR A LEVY

Section 53 of the Building Act 2004 (“the Act”) requires the applicant for a building consent liable to pay a building levy at the time the building consent is issued. Section 55 of the Act identifies that an applicant for a building consent is not liable to pay a levy if the building work for which the building consent is issued has an estimated value of less than the prescribed minimum estimated value. The minimum estimated value of building work is currently \$20,000 as prescribed in the regulations.

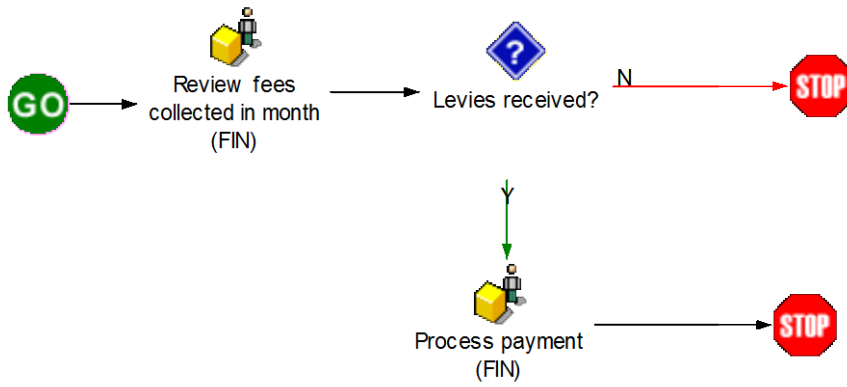
The Building Levy Order 2005 identifies that the rate of building levy payable under Section 53 of the Act is \$1.97 for every \$1,000 (or part of \$1,000) of the estimated value of the building work for which a building consent is issued. The levy is only payable on amounts over and above the minimum estimated value of \$20,000. The levy is GST inclusive and is payable to MBIE by the 20th of the month following the date of issue of the building consent.

The Building Research Levy Act 1969 identifies a Building Research Levy of \$1.00 for every \$1,000 (or part of \$1,000) of the estimated value of the building work for which a building consent is issued. The levy is only payable on amounts over and above the minimum estimated value of \$20,000. The levy is GST inclusive and is payable to BRANZ by the 20th of the month following the date of issue of the building consent.

Form 2 of the Building (Forms) Regulations 2004 (Application for Project Information Memorandum and/or Building Consent) requires that an estimated value for the proposed work must be provided by the consent applicant.

3. CALCULATION AND COLLECTION OF LEVIES

Process Overview – Carried out by ORC Finance



Process Description

Stages	Notes	Record created
Review fees collected in month	<p>ORC is required to pass onto DBH the levies it has collected on its behalf on a monthly basis.</p> <p>Building Consent fees include the levy component (as calculated as per the fee guide). This should go to a balance sheet account. On a monthly basis, Finance will check the balance sheet account.</p> <p>BCA Administration may be requested to clarify payments made.</p>	N/A
Process payment	<p>Generate payment.</p> <p>Includes retention by ORC of levy processing fee.</p>	<p>Correspondence (remittance advice to MBIE).</p> <p>Financial records.</p>

4. BASIS OF ESTIMATING VALUE OF DAM BUILDING WORK

ORC is only responsible for the assessment of estimated value of works associated with Dams and their appurtenant structures.

Estimated value, in relation to building work, means the estimated aggregate of the values, determined in accordance with Section 10 of the Goods and Services Tax Act 1985, of all goods and services to be supplied for the building work.

In some cases, the value stated by the consent applicant might be supported by an estimate from a construction professional (e.g. from a quantity surveyor, or similar consultant, or there may be a contract price available). If so then this value should be used as the cost of the proposed work for the purpose of calculating the levy, unless ORC considers the estimated value is not a reflective value of the intended works.

The ORC will task the lead consultant to comment on the reasonableness of the estimate of the proposed value of building work.

Whilst the MBIE publishes a cost per square meter for a range of common building types, these tables are only used as a method of arriving at estimated building values where there is no better basis on which to base an estimate. In the case of dams, there is no standard data that is published by the MBIE.

The Estimated value of works will be inclusive of Goods & Services Tax.

5. VARIATION OF ESTIMATED VALUE OF WORKS

If the ORC is made aware that the estimated value of works is not consistent with industry standards after the levy has already been calculated and charged to the building consent applicant, ORC reserves the right to collect further levies from the applicant.

Should the estimated value of works be overstated according to industry standards, ORC will recalculate building levies due and reimburse the applicant.

6. LEVIES DUE BEFORE BUILDING CONSENT IS ISSUED

The building consent applicant is required to pay all consent fees and building levies to the ORC prior to the consent being issued.

7. BUILDING LEVY ADMINISTRATION COMMISSION

As allowed under Section 60 of the Building Act 2004, ORC will retain a 3% commission calculated on the "levies collected" each month. Finance staff will calculate the commission each month and deduct the amount off each return sent to MBIE and BRANZ.

8. BUILDING LEVY PAYMENTS DUE

Finance staff will be responsible for calculating and paying the building levies collected from building consent applicants. Payments are due to MBIE and BRANZ by the 20th of the month following the date of "issue" of the building consent.

Attached is a pro forma building levy return form.

In respect to payments, cheques are to be addressed to:
Corporate Finance
MBIE
Level 6, 86 Customhouse Quay
Wellington

Or make a transfer to the Department's bank account 030049-0004619000.

And

Finance Department
Building Research Association of New Zealand Inc
PO Box 8067
Wellington



Pro-forma Building Levy Return Form

Otago Regional Council

Department of Building and Housing
 P O Box 10729
 Wellington

Supplier No:
 Page:
 Date:
 Eft No:

<i>Invoice No</i>	<i>Date</i>	<i>Amount</i>
July07	5 July 2007	28,545.12
		Total Payment \$28,586.22

The Total Amount has been transferred direct to the following bank account

Bank Account: 030049-00046119000
 Amount: \$ 28,545.12
 EFT No:
 Date:

Otago Regional Council
 Address
 BUILDING CONSENT LEVY (BUILDING ACT 2004)
 TAX INVOICE : GST REG No:
 Certificate Issued on 1 November 2006

SUMMARY

- Total of all estimated values of building consent applications
- Total of all values estimated at \$20,000 or more
- Total levies collected
- Less commission (3%).

LESS REFUNDS

- Value of levy refunds claimed by applicants
 Less commission (3%)
- Total levies refunded
- Adjusted Payment to DBH
 These amounts Include GST and the total of these amounts should be included in Box 5 of the Regional Authority's GST return

STATEMENT

According to the financial records of the Otago Regional Council and to the best of my knowledge and belief, the payment is correct.

 Signature

This report has been completed using issued Building Consents



Pro-forma Building Levy Return Form (continued)

Department of Building and Housing Return for period ended 31 October 2006 For building work whose total value is \$20,000 or more To: Department of Building and Housing Level 6, 86 Customhouse Quay Wellington			
			From: Otago Regional Council
Date Issued	Permit No.	Total Value . Inc P & D Incl GST	DBH Levy Inc GST
		\$	\$
		3 % Commission	\$
		Refund	\$
	Net levies	Herewith/separate	\$