

PRACTICE NOTE 73-2018

This practice note replaces the previously published practice notes:-

PN 48- Building permit levy – requirements to forward to the VBA

PN-49 – Building permit levy – Calculation rounding policy

PN-50- Liability to pay and circumstances where building permit levy may be refunded

PN-52-Payment of building permit levy by third party

PN-53-Dwelling Statistics and

Building Permit Requirement

Section 205G(3) of the Building Act 1993 (the Act) requires the applicant for the building permit to pay the building permit levy prior to the issue of the building permit.

If a building surveyor receives an amount of levy, they must forward it in a monthly return to the Victorian Building Authority providing details of all building permits issued and the levy paid (section 205J(1) of the Act).

Building Regulations Requirement

The Building Regulations 2018(the Regulations) prescribe the requirements for building surveyors who receive an amount of levy under section 205G of the Act.

Building surveyors must -

- record the date and amount of building permit levy received (regulation 46 (1) (a)) and
- within 7 days after the end of the month pay into the Building Administration Fund all amounts received for building permits issued during that month (regulation 46 (1) (b)).

Building surveyors are required to include in the building permit levy return, details of all building permits issued during the month, including those building permits where there is no levy payable.

Only the amounts of building permit levy received in respect of building permits issued during that month are to be included in the building permit levy return.

It is important that only details of building permits issued are reported on the building permit levy return. This ensures that information provided is accurate at the date of issue of the building permit.

Levy Calculation

The building permit levy is calculated at the rate of 0.128 cents in every dollar of the cost of work for which a building permit is required where the cost of building work is greater than \$10,000. (Refer to sections 205G(1), 205G(2) and 205G(5) of the Building Act 1993).

The cost of building work is to include all labour and material costs.

Building surveyors may adopt a commercially realistic approach in the calculation of the building permit levy. The following rounding policy has been developed as the preferred rounding practice for all building surveyors.

Rounding Policy

The calculation of the building permit levy payable may be rounded as follows:

- Final cent figure is 1,2,3 or 4
Round down to 0.
Example: \$201.83 is rounded to \$201.80
- Final cent figure is 6,7,8 or 9
Round down to 5.
Example: \$158.98 is rounded to \$158.95

The rounding policy also applies to the calculation of the total amount of levy payable in respect of a monthly building permit levy return.

Liability to pay and circumstances where building permit levy may be reimbursed

Building Surveyors should note the following 2 issues:

- the application of the liability to pay the building permit levy; and
- dealing with applications to reimburse the building permit levy.

Ruling

The building permit levy is payable on the issue of every building permit with a cost of works greater than \$10,000 (including materials, labour and GST) unless otherwise exempted and includes the following instances:

- a new building permit issued where the original permit has lapsed. A replacement permit is (for the purposes of the Act) a totally new and separate building permit;
- a building permit issued for building work, even if such work would not normally require the issue of a building permit, (i.e. the owners of the building

work may request a permit for their own peace of mind), is for the purposes of the Act a building permit;

- a new building permit issued due to a substantial change in the nature and type of building work as provided for in the original permit.

A reimbursement of the building permit levy is allowable only in circumstances where the levy was paid prior to the issue of the permit and the application is withdrawn prior to the issue of the building permit.

Please note that in the following circumstances the building permit levy is payable and no reimbursement is applicable:

- Building work does not proceed;
- Partial completion of the building work;
- Building permit lapses; and
- Cancellation of the building permit.

Method of Payment of Building Permit levy

A building surveyor must not issue a building permit until the levy is paid.

A payment for levy by cheque is not regarded as received until such time as the cheque is cleared.

Cheques drawn by third parties (clients) will not be accepted as payment of the building permit levy by the relevant building surveyor into the Victorian Building Authority Fund.

Electronic fund transfer is the preferred method of payment.

Building Statistics

It is important that when completing the Building Permit Levy Return form (Regulation 46(2) of the Regulations), building surveyors adopt a consistent method of reporting building information, particularly for dwellings. This will improve data quality and minimise the number of requests made by the Victorian Building Authority and the Australian Bureau of Statistics (ABS) to clarify information provided by building surveyors.

Ruling for Dwellings

Building classification

Whether a dwelling is detached or attached can readily be determined by the VBA and ABS by the correct reporting of the BCA classification for Class 1a buildings. For example, the classification for Class 1a buildings must include i or ii to indicate whether the dwellings are attached or not, as follows:

- Class 1ai for a detached house, or
- Class 1a ii for one of a group of two or more attached dwellings, each being a building, separated by a fire-resisting wall, including a row house, terrace house, town house or villa unit etc.

Number of dwellings

There are also three critical data fields on the return form that need to be completed;

- Existing dwellings - number of existing dwellings before demolition or construction work commenced.
- Dwellings demolished - number of dwellings to be demolished under the building permit. This should not include dwellings demolished on the allotment where work has been approved under a different building permit.
- New dwellings - number of new dwellings created under the building permit.

Further Information

Building Permit Levy and Building Information - Reference Guide

(Refer to the VBA website)

Want to know more?

If you have a technical enquiry, please email technicalenquiry@vba.vic.gov.au or call 1300 815 127.

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