

## Building Practice Note BP-73

Building permit applicants must pay the applicable levies before their building permit is issued.

This Practice Note provides guidance for:

- Building permit levy calculation
- When a levy may be reimbursed or refunded
- Applications to reimburse the levy
- Levy reassessment power

### Abbreviations and Definitions

The abbreviations and definitions set out below are for guidance only. They are not intended to vary those set out in the Building Act 1993 (the Act) or the Building Regulations 2018 (the Regulations).

- **Act** – Building Act 1993
- **Applicant** – a person who lodges a building permit application with an RBS for approval. The applicant can be the owner or an agent of the owner.
- **BAMS** – Building Activity Management System
- **BCA** – Building Code of Australia
- **CoW** – Cost of building work (including the cost of materials, labour and GST)
- **CRL** – Cladding rectification levy
- **CSV** – Cladding Safety Victoria
- **CSV Act** – Cladding Safety Victoria Act 2020
- **Levy** – an amount paid into the Building account or the Cladding Safety Victoria account of the Victorian Building Authority Fund under sections 205A and 205G of the Act as the case requires.
- **RBS** – Relevant building surveyor
- **Regional Victoria** – an area of land set out in Schedule 1 of the *First Home Owner Grant Act 2000*, with alpine resorts defined within the meaning of the *Alpine Resorts Act 1983*.
- **Regulations** – Building Regulations 2018

### Levy Calculation

A levy is payable prior to the issue of any building permit with a CoW greater than \$10,000. The levy is calculated at a rate of 0.128 cents in every dollar of the CoW (refer to section 205G of the Act for more information).

To fund cladding rectification work by CSV, an additional building permit levy was applied from 1 January 2020. Building permits that fit the criteria will be subject to paying the CRL, with some limited exceptions. From 1 February 2021 the CRL will apply to all building permit number applications submitted through BAMS on or after 1 January 2020 that meet all the following criteria.

The building permit is for a building:

- that is located in municipalities in metropolitan Melbourne (not regional councils and Alpine resorts); and
- that is, or will be a class 2 to 8 building; and

- that has a CoW of \$800,000 or more; or
- that is a staged permit and the cost of the whole of the building work is \$800,000 or more.

The additional CRL is payable at the rates set out in the following table.

Total cost of works related to BCA Classes 2 to 8	Additional cents in every dollar
\$800,000 to \$999,999	0.128
\$1M to \$1,499,999	0.256
\$1.5M and over	0.82

Building surveyors must consider the contract price for proposed building work when determining the levy payable. If there is no contract for the work, the RBS must request sufficient information to estimate the CoW (refer to sections 205H and 205I of the Act for more information).

When reporting in BAMS building surveyors will be asked to provide a breakdown of the CoW for each building classification associated with the building work.

Building works on Commonwealth Crown land retain the current 'automatic' exemption from any building permit levy, including the new CRL. State Crown land attracts and State entities remain liable to pay CRL if they meet the criteria set out above.

## Applications to reimburse the levy

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

The VBA will not reimburse building permit levy after a building permit is issued if:

- building work does not proceed;
- building work is partially completed;
- a building permit lapses; or
- a building permit is cancelled.

Partial refunds of levy are available in limited circumstances as part of the reassessment of levy by the VBA under section 205LBA of the Act. The Act allows the VBA to refund levy paid from 1 January 2020. Once the required changes to the building permit have been made in BAMS, the VBA will contact you if you're eligible for a refund.

## Levy reassessment power

Owners or applicants must notify the VBA within 28 days of becoming aware of an increase in the CoW, if the increase is \$15,625 or more. Once notified, the VBA will reassess the building permit levy owed and send written notification to the owner or applicant requesting payment of any additional levy and penalty levy. The payment of these levies is due within 14 days of the VBA notifying the owner or applicant.

## Related Documentation

- Building Act 1993 (VIC)
- Building Regulations 2018 (VIC)

## Contact Us

If you have a technical enquiry, please email [technicalenquiry@vba.vic.gov.au](mailto:technicalenquiry@vba.vic.gov.au) or call 1300 815 127.

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