

Building Permit Levy – Cladding

Practice Note 73

Purpose

Building permit applicants must pay the building permit levy before their building permit is issued. This practice note provides guidance on building permit levy requirements.

Definitions

The definitions and initialisms 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*.

Applicant – a person who lodges a building permit application with an RBS for approval. The applicant can also be the owner or an agent of the owner.

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.

CRL – Cladding rectification levy

RBS – Relevant building surveyor

CoW – Cost of building work (including cost of materials, labour and GST)

BACR – *Building Amendment (Cladding Rectification) Act 2019*

CSV – Cladding Safety Victoria

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*.

Levy calculation

A levy is payable prior to the issue of every 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).

In order to fund cladding rectification work by CSV, an additional building permit levy will apply from 1 January 2020.

- All building permit applications in Regional Victoria are exempt.

- Building permit applications for class 1, 9 and 10 buildings in non-regional Victoria are also exempt (as per BACR section 15).

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

Cost of works	Additional cents in dollar
\$800,000 to \$1 million	0.128
\$1 million to \$1.5 million	0.256
\$1.5 million and over	0.82

Building surveyors must consider the contract price for proposed building work when determining the levy due. 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).

Circumstances where levy may be reimbursed or refunded

Unless otherwise exempted, the building permit levy applies to:

- a new building permit issued after 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 that does not normally require such a permit. For example, the owners of certain building work may request a permit for their own peace of mind; and
- 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.

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.

From 1 July 2019, reimbursement of levy may be allowed in limited circumstances in the period between the issue of a building permit number and the issue of the building permit to address administrative errors and situations where the RBS does not intend to issue a building permit.

From 1 January 2020, refunds of the cladding rectification levy will be available in limited circumstances as part of the reassessment of levy power (refer to section 205LBA(1)(a) of the Act).

Levy reassessment power

For building permits issued on or after 1 July 2019, owners must notify the VBA if the revised final cost of works for a building permit has increased by at least \$15,625. The VBA must be informed within 28 days of the applicant becoming aware of the increase.

Once notified, the VBA will reassess the building permit levy owed and send written notification to the applicant requesting payment of any additional levy and penalty levy. Payment of these levies is due within 14 days of the VBA notifying the applicant.

Want to know more?

If you have any questions about this information, please contact the VBA.

Telephone: 1300 815 127

Email: customerservice@vba.vic.gov.au

Victorian Building Authority

733 Bourke Street, Docklands VIC 3008

www.vba.vic.gov.au