

PRACTICE NOTE 73-2019

This practice note replaces the previously published practice note PN 73-2018.

Purpose

To provide guidance on Building Permit levy requirements following changes introduced on 1 July 2019 on how the levy is collected and reassessed. An applicant for a building permit must pay the building permit levy before the building permit is issued.

Definitions

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

Applicant – person who lodges the building permit application with the RBS for approval. It can be the owner or owners agent.

Levy - means funds collect by the Victorian Building Authority (VBA).

RBS - Relevant Building Surveyor

Pre 1 July 2019

Where a building permit application was accepted before 1 July 2019, it is the responsibility of the RBS to forward the collected levy amount to the VBA.

The RBS must:

- record the date and amount of building permit levy received; and
- within 7 days after the end of the month pay into the VBA Fund, all amounts received for building permits issued during that month.

Post 1 July 2019

Where an application for a building permit is accepted by the RBS, the applicant or person acting on behalf of applicant is responsible for paying the levy to the VBA.

The levy will be payable as part of the new process of applying for a Building Permit Number.

The levy can be paid via BPAY or credit/debit card. Payment via cheque is not available for applications accepted after 1 July 2019.

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, 205G(2) and 205G of the Act).

The cost of building work is to include all labour and material costs and is still the responsibility of the RBS to estimate.

Building surveyors may adopt a commercially realistic approach in the calculation of the building permit levy.

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

Building surveyors should note the following issues:

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

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 exempt. This includes the following:

- 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; 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.

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.

NOTE that in the following circumstances, no reimbursement is applicable after the building permit is issued:

- building work does not proceed;
- partial completion of the building work;
- building permit lapses; and
- cancellation of the building permit.

From 1 July 2019, a reimbursement of the building permit 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 on issuing a building permit.

New levy reassessment power

From 1 July 2019 owners have a duty to notify the VBA of the revised final costs of works where they have increased by at least \$15,625 within **28 days** of becoming aware of the increase.

This requirement will only apply to building permits that were issued on or after 1 July 2019.

Upon receiving the notification, the VBA will reassess the levy and send a written notification to the applicant requesting payment of the additional levy. Payment of the additional levy and any penalty levy will be due within 14 days of the VBA notification.

Further information

Refer to the VBA – BAMS website for further information.

Want to know more?

Building Activity Management System
www.vba.vic.gov.au/building/bams

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

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