

Implementing the 1 July 2020 building levy rate factsheet

JANUARY 2021

The Government is reducing the building levy rate. The new rate will come into effect on 1 July 2020. The building levy will be reduced from \$2.01 to **\$1.75 (including GST)** for consented building work above a threshold of \$20,444 (including GST).

Reducing the levy rate will lower building consent costs by around \$80 for the average new build, and by \$5,200 for a \$20 million commercial project.

New levy rate and threshold

The below table provides the old and new levy rates and the correct thresholds, both inclusive and exclusive of GST. Please apply the correct levy rate according to the date the building consent is granted.

Date building consent granted	Levy rate excl GST	Levy rate incl GST	Levy threshold excl GST	Levy threshold incl GST
Prior to 1 July 2020	\$1.75	\$2.01		
On or after 1 July 2020	\$1.52	\$1.75	\$17,777.39	\$20,444

**IF YOU HAVE ANY FURTHER QUESTIONS,
PLEASE EMAIL:
BUILDING@MBIE.GOV.T.NZ**

Prepare for the reduced building levy rate

- Ahead of 1 July 2020, update your IT systems, website, building consent application forms and other communications material reflects the new levy rate and correct threshold
- Communicate the changes to your colleagues and staff
- Ensure your finance teams understand the building levy rates, what rates to charge and how to calculate the correct amount
- Let your customers know the building levy rate has changed and confirm the threshold at which the building levy applies

Transitional arrangements

Read this section to help you understand what to do for applications processed over the 1 July 2020 period

APPLICATION RECEIVED PRIOR TO 1 JULY 2020, BUT GRANTED ON/AFTER 1 JULY 2020

The building levy rate is based on when the building consent is granted, not when the building consent application was made or received by the building consent authority.

EXAMPLE

If an application was received prior to 1 July 2020, and building consent was not granted until 10 August 2020 then the new levy rate of \$1.75 (including GST) applies.

APPLICATION GRANTED PRIOR TO 1 JULY 2020, BUT BUILDING WORK VALUE CHANGES POST 1 JULY 2020

Where the value of building work changes, the levy rate for the increase or decrease will be based on the rate at the time the building consent was granted.

EXAMPLE

If a building consent was granted prior to 1 July 2020, the levy will be calculated using the rate as at the date the consent was granted. If there is additional building work that takes place post 1 July 2020 increasing the value of the consented building work, the previous levy rate of \$2.01 (including GST) applies, being the rate at the date consent was granted.

BUILDING WORK NOT COMMENCED, REFUND ISSUED

If building work is no longer going ahead or the value of the building work decreases, the refund amount should be based on the levy paid at the time the building consent application was granted.

EXAMPLE

If a building consent was granted prior to 1 July 2020 and is no longer going ahead, the levy will have been calculated at \$2.01 (including GST), so this is the rate to be used to calculate the refund. If a building consent is granted after 1 July 2020 and no longer goes ahead, the levy will have been calculated at \$1.75 (including GST), so this is the rate to be used to calculate the refund.