

Building levy

Last updated: 10 June 2020

The building levy supports investment in and development of the building sector. It is payable by building owners or developers on successful building consent applications for projects that are worth more than a prescribed threshold.

What is the building levy?

The building levy is a charge calculated on the cost of building work. The building levy is paid by building owners or developers on successful building consent applications for projects that are worth more than the prescribed threshold of \$20,444 (including GST). The building levy rate from 1 July 2020 is \$1.75 (including GST).

The revenue collected from the building levy is used to fund a range of MBIE functions and activities under the Building Act 2004 including:

- policy, technical rules and guidance, operational policy advice and service design
- information and education
- service delivery (compliance and enforcement) and
- monitoring and reporting.

People who pay the building levy benefit from these functions and activities as it helps protect people constructing, renovating or buying homes and other types of buildings.

The building levy is one part of the overall charges collected as part of the building consent application process, other charges include:

- a building research levy, which is paid to BRANZ and
- fees for building inspections and the issuing of a Code of Compliance certificate, which are retained by the building consent authority.

How the building levy is calculated and paid

The building levy payment is collected from an applicant (usually the building owner or developer) by the building consent authority and paid to MBIE. Collection from the applicant takes place when a building consent is granted. If the estimated total value of the building work is less than the prescribed threshold of \$20,444 (including GST), the applicant does not have to pay a levy.

Where the estimated total value of the building work is over the prescribed threshold, the rate of the building levy is based on the minimum estimated value of the total building work for the building consent.

The building levy rate applies to every \$1,000 (or part \$1,000) of consented building work.

If the building value decreases or the building consent lapses, the applicant can apply for a refund of the building levy.

Building levy rates

	Levy rate excl GST	Levy rate incl GST	Prescribed threshold excl GST	Prescribed threshold incl GST
Building consent granted on or after 1 July 2020	\$1.52	\$1.75	\$17,777.39	\$20,444

Building consent authorities may deduct 3% of the total levy to MBIE each month. In practice, this deduction is retained by building consent authorities and is called an administration fee.

The below table provides an example of how building consent authorities calculate the building levy amount that is paid to MBIE at the end of the month. This includes amounts both above and below the prescribed threshold \$20,444 (including GST).

Calculation of final balance	
Total estimated value of building consent applications	\$15,300,000
Total of estimated values building consent applications of \$20,444 or more	\$15,000,000
Total levies collected	\$26,250
Less administration fee (3%)	\$787.50
Levy amount payable to MBIE	\$25,462.50

Calculating the building levy

The building levy payment is collected from the applicant (usually building owner or developer) by a building consent authority and paid to MBIE. Collection from the applicant takes place when a building consent is granted.

The rate of the building levy is based on the minimum estimated value of the total building work for the building consent. The building levy rate applies to every \$1,000 (or part \$1,000) of consented building work. The total value of the building work must be over the prescribed threshold for the levy to be charged. If the building value decreases or the building consent lapses, the applicant can apply for a refund of the building levy.

Examples of building consent calculations

The examples below show how the new levy rate is calculated. The calculations show the building levy amount, per building consent.

Scenario 1: Below the building levy threshold

Calculation	
Total estimated value of building work	\$15,519 (a)
Total of every \$1,000 of building work	0 (b)
Rate of building levy	\$1.75 (c)
Total amount of building levy paid by applicant	\$0 (= b x c)

Scenario 2

Calculation	
Total estimated value of a commercial development	\$3,200,000 (a)
Total of every \$1,000 of building work (or part of)	3,200 (b)
Rate of building levy	\$1.75 (c)
Total amount of building levy paid by applicant	\$5,600 (= b x c)

Scenario 3

Calculating the building levy factsheet

[PDF 384 KB]

<https://www.building.govt.nz/assets/Uploads/building-officials/building-levy/calculating-the-building-levy.pdf>

Calculation	
Total cost of building work	\$210,400 (a)
Total of every \$1,000 of building work (or part of)	211 (b)
Rate of building levy	\$1.75 (c)
Total amount of building levy	\$369.25 (= b x c)

Changes to the building levy

On 1 July 2020, the building levy reduced to \$1.75 (including GST) per \$1,000 of consented building work and the threshold was confirmed at \$20,444 (including GST). The table below outlines the changes over time.

Building levy rate changes

Time period	Building levy rate per \$1,000 or part \$1,000	Prescribed threshold
On or after 1 July 2020	\$1.75 (including GST)	\$20,444 (including GST)
Prior to 1 July 2020	\$2.01 (including GST)	\$20,444 (including GST)
Prior to 1 October 2010	\$1.97 (including GST)	\$20,000 (including GST)

You can read the relevant legislation to understand more about these changes:

- Building levy, section 53-66, Building Act 2004 (http://www.legislation.govt.nz/act/public/2004/0072/latest/DLM306390.html?search=ts_act%40bill%40regulation%40deemedreg_building+act_resel_25_a&p=1)
- Use of the levy for activities under the CE's functions, section 53(1)a, Building Act 2004 (http://www.legislation.govt.nz/act/public/2004/0072/latest/DLM306390.html?search=ts_act%40bill%40regulation%40deemedreg_building+act_resel_25_a&p=1)
- Building (Levy) Regulations 2019 (http://www.legislation.govt.nz/regulation/public/2019/0310/latest/whole.html?search=ts_act%40bill%40regulation%40deemedreg_building+levy_resel_25_a&p=1#LMS266292)
- Chief executive must review levy, section 66, Building Act 2004 (http://www.legislation.govt.nz/act/public/2004/0072/latest/DLM306810.html?search=ts_act%40bill%40regulation%40deemedreg_building+act_resel_25_a&p=1)

Transitioning to the 1 July 2020 building levy rate

Information about 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 increases post 1 July 2020

Where the value of building work increases as a result of any additional work, the levy rate for the increased amount will be based on the rate at the time of the increase.

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 is granted post 1 July 2020, the new levy rate of \$1.75 (including GST) applies.

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.

Implementing the 1 July 2020 building levy rate factsheet

[PDF 403 KB]

<https://www.building.govt.nz/assets/Uploads/building-officials/building-levy/implementing-the-1-July-2020-building-levy-rate.pdf>

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.

Future changes

- Further changes to the building levy are proposed, to enable MBIE to spend it on a broader range of activities related to the chief executive's functions in the building sector. These changes are included in the Building (Building Products and Methods, Modular Components and Other Matters) Amendment Bill 2020. Widening the scope of the building levy will contribute to the development of an efficient, high-quality regulatory system.
- The building levy rate must be reviewed every three years.

Further information

You can keep up to date about the building law reforms on [our website \(https://www.building.govt.nz/getting-started/building-law-reforms/\)](https://www.building.govt.nz/getting-started/building-law-reforms/) or [subscribe for updates \(https://confirmsubscription.com/h/r/DEFBF2CA344DF6DB2540EF23F30FEDED\)](https://confirmsubscription.com/h/r/DEFBF2CA344DF6DB2540EF23F30FEDED).

If you any questions about the building levy changes, you can email building@mbie.govt.nz (<https://www.building.govt.nz/mailto:building@mbie.govt.nz>)



New Zealand Government

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