

Implementing the 1 July 2024 building levy threshold

MAY 2024

The Government is increasing the threshold for building levy. The new threshold of \$65,000 (including GST) will come into effect on 1 July 2024. The building levy rate remains unchanged at \$1.75 (including GST) per \$1,000 and part \$1,000 of consented building work.

Increasing the levy threshold will lower building consent costs by up to \$113 for smaller building projects.

Recent levy rates and thresholds

The table below provides recent levy rates and thresholds, both inclusive and exclusive of GST. Please apply the correct levy rate and threshold according to the date the building consent is **granted**. This also applies when a building consent is amended – you must use the rate/threshold that applied at the time the original application was **granted**.

Date building consent granted	Levy rate excl GST	Levy rate incl GST	Levy threshold excl GST	Levy threshold incl GST
On or after 1 July 2024	\$1.52	\$1.75	\$56,521.74	\$65,000
On or after 1 July 2020, up to 30 June 2024	\$1.52	\$1.75	\$17,777.39	\$20,444
Prior to 1 July 2020	\$1.75	\$2.01		

We have updated our guidance document and added information about how to calculate the estimated value of building work. The updated guidance can be found on the Building Performance website.

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

Prepare for the increased building levy threshold

- › Ahead of 1 July 2024, update your IT systems, website, building consent application forms and other communications material to reflect the new building levy threshold.
- › Ensure that your building levy return includes all building consents **granted** or **amended** in the previous month. Returns should not be based on when a building consent is **issued**.
- › Communicate the changes to your colleagues and staff.
- › Ensure your finance teams understand how to apply the new threshold, especially over the transition period and for building consent amendments.
- › Let your customers know the building levy threshold has changed.

Transitional arrangements

Read this section to help you understand what to do for applications processed over the 1 July 2024 period.

APPLICATION RECEIVED PRIOR TO 1 JULY 2024, BUT GRANTED ON OR AFTER 1 JULY 2024

EXAMPLE

If an application was received prior to 1 July 2024, and the building consent was not granted until 21 July 2024, the new building levy threshold of \$65,000 (including GST) applies.

The threshold and building levy rate are based on when the building consent application is **granted**, not when the building consent application was received by the building consent authority.

APPLICATION GRANTED PRIOR TO 1 JULY 2024, BUT THE BUILDING WORK VALUE CHANGES POST 1 JULY 2024

EXAMPLE

If a building consent was granted prior to 1 July 2024, the threshold of \$20,444 would have applied. If the building consent is amended after 1 July 2024, the levy is calculated based on that threshold. If the original value of building work was \$25,000 (including GST) and the consent is amended post 1 July 2024 to increase the value of building work to \$60,000 (including GST), the applicant must pay building levy on the increase of \$35,000, as the new total value of building work is over the threshold of \$20,444 that applied at the time the consent was granted.

Where the value of building work changes, the threshold is based on the threshold as at the date the building consent was originally **granted**.

BUILDING WORK NOT COMMENCED, REFUND ISSUED

EXAMPLE

Building consent was granted on 23 May 2024. The estimated value of building work was \$63,700 and building levy of \$112.00 was paid. After 1 July 2024, the applicant decides not to proceed with the building work. The applicant is entitled to a refund of the building levy - the council is able to retain the 3% administration fee if they wish (assuming the building levy was paid to MBIE by the 20th of the month) and refund the applicant \$108.64. Note that the way in which the refund is deducted from the next return to MBIE has not changed.

If building work is no longer going ahead or the value of building work decreases, the refund calculation is based on the levy rate and threshold at the time the building consent was granted. Building consent authorities retain the 3 per cent for processing the building levy (if they choose to do so).