

# Calculating the building levy

SEPTEMBER 2022

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 applies to every \$1,000 (and part \$1,000) of consented building work over the prescribed threshold.

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

The current building levy rate is \$1.75 per \$1,000 and part \$1,000. The threshold is \$20,444 (including GST).

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

## Formula

Value of building work	Rounded value	Building levy rate (including GST) per \$1,000	Building levy payable
\$126,569	\$126,569 rounded up to the next \$1,000 (\$127,000) and $\div \$1,000 = 127$	\$1.75	$127 \times \$1.75 = \$222.25$

## Rounding and threshold examples

Value of building work	Rounded value	Building levy rate (including GST) per \$1,000	Building levy payable
\$19,500	Not required as under threshold	\$1.75	Nil
\$26,023	$\$27,000 \div \$1,000 = 27$	\$1.75	$27 \times \$1.75 = \$47.25$
\$502,500	$\$503,000 \div \$1,000 = 503$	\$1.75	$503 \times \$1.75 = \$880.25$
\$301,000	$\$301,000 \div \$1,000 = 301$	\$1.75	$301 \times \$1.75 = \$526.75$

## Examples of how to recalculate the building levy if the value of building work changes

### SCENARIO 1

#### INCREASE IN THE VALUE OF BUILDING WORK

Geoff decides to add an enclosed deck to the house he is having built, and the value of building work will increase by \$20,000. As a building consent has previously been issued based on the previous estimated value of work (but a code compliance certificate has not yet been issued), the applicant must apply to the building consent authority for an amendment to the building consent.

Original value of building work	Date consent granted	Levy paid	Amendment to building consent	Calculation of building levy based on amendment
\$450,000	10 January 2022	\$787.50 450 x \$1.75	Increased by \$20,000	\$35.00 additional building levy payable 20 x \$1.75 = \$35.00

### SCENARIO 2

#### VALUE OF BUILDING WORK HAS DECREASED TO UNDER THE THRESHOLD, APPLICANT IS ENTITLED TO A FULL REFUND

Annabel has decided to reduce the size of the outbuilding she is having built. The value of the building work is being reduced by \$8,500. As the original value of building work was over the threshold, building levy was calculated and paid, however now that the project has reduced in value to under the threshold, Annabel is due a refund of the building levy previously paid.

Original value of building work	Date consent granted	Levy paid	Amendment to building consent	Calculation of building levy based on amendment
\$27,700	4 October 2021	\$49.00 (28 x \$1.75)	Decreased by \$8,500	Applicant is due a refund of \$49.00 as the amended value of building work is now \$19,200, under the threshold of \$20,444.

### SCENARIO 3

#### ORIGINAL CONSENT WAS GRANTED AT A PREVIOUS RATE OF BUILDING LEVY, THE SAME BUILDING LEVY RATE NEEDS TO BE USED FOR THE AMENDMENT

Cameron's building consent was granted in 2019 and he has been building his house on his weekends and holiday time. He has now decided to alter the design of the house, resulting in an increase in the value of building work of \$22,000.

Original value of building work	Date consent granted	Levy paid	Amendment to building consent	Calculation of building levy based on amendment
\$350,000	30 September 2019	\$703.50 Based on \$2.01 per \$1,000 levy rate at the time the building consent was granted	Increased by \$22,000	\$44.22 additional building levy payable 22 x \$2.01 = \$44.22

### SCENARIO 4

#### BUILDING LEVY NOW PAYABLE AS OVERALL VALUE OF BUILDING WORK HAS INCREASED TO OVER THE THRESHOLD

Oliver was granted building consent for a carport. As the original value of the building work was \$16,000 (under the threshold of \$20,444), building levy was not payable. Oliver has subsequently decided to choose a larger carport, increasing the value of the building work to \$20,500.

Original value of building work	Date consent granted	Levy paid	Amendment to building consent	Calculation of building levy based on amendment
\$16,000	19 April 2022	Nil	Increased by \$4,500	\$36.75 building levy payable \$16,000 + \$4,500 = \$20,500 21 x \$1.75 = \$36.75