

Subject: Administration of the Long Service Levy Assessment and Payment Provisions

References: *Construction Industry Long Service Leave and Benefits Act:*

Section 3 – Object of Act
Section 34 – Who must pay levy
Section 35 – When levy must be paid
Section 36 – When construction work starts and ends
Section 37 – Cost of construction work
Section 38 – Person for whom construction work carried out
Section 40 – Obligation to notify-person for whom work carried out
Section 41 – Obligation to notify-Territory etc.
Section 42 – Disclosure of information
Section 45 – Interest payments
Section 46 – Assessment of Levy
Section 47 – Recovery of levy
Section 48 – Board’s power to extend time for payment etc.

Policy: Unless particular construction work is exempted, the Act relies upon;

- a person for whom the work is to be carried out, or
- a relevant entity that is to carry out construction work, submitting a completed project notification form (PNF) notifying NT Build about the construction work.

This notice is required **before** the work starts on the site at which the construction work is to be carried out.

Deciding the levy amount

Generally, the total cost of the work is determined by the total contract prices for all the construction contracts in relation to the work. In accordance with section 37 of the Act, a “construction contract” has the same meaning as in the *Construction Contracts (Security of Payments) Act*.

As the total contract prices may not be known before work commences a payer’s self-assessment of the estimated total contract prices will usually be accepted for the basis of calculating the levy payable.

For the administrative convenience of the payer and NT Build, an invoice in the amount assessed by the payer will be issued upon receipt of a PNF acceptable to the Registrar. The Act requires payment of the levy before work commences. However, payment of the invoice within 30 days of issue will be accepted, if the PNF is received before work commences.

If a payer is unable or unwilling to self-assess the levy payable, or the Registrar does not accept the amount notified on the PNF the Board will determine, based on professional advice, the levy payable in accordance with the Act.

For example, in cases where there is no contract price for the work, the Board may need to determine the cost of the construction work for levy calculation purposes. In these instances, the Board will require additional information, including:

- the cost of labour, materials (including prefabricated goods and installation), equipment, design, project management, consultancy and any other cost that directly or indirectly relates to the work; and
- if the construction work is to be carried out in stages or under a number of contracts or other arrangements the total cost in relation to those stages, contracts or arrangements.

Formula for calculating levy amount

$$\left\{ \begin{array}{l} \text{*Total cost of} \\ \text{construction work,} \\ \text{(GST inclusive)} \end{array} \right\} \times \begin{array}{l} \text{Approved} \\ \text{levy rate} \\ \text{(currently} \\ \text{0.5\%)} \end{array} = \begin{array}{l} \text{\#Full Levy} \\ \text{payment due} \\ \text{(GST exempt)} \end{array}$$

* use estimated total contract prices for the work, Board determined amount or actual cost, as appropriate

rounded to the nearest dollar (with 50c to be rounded downwards)

Reconciling levy amount

At the completion of the project, a reconciliation of the actual total contract prices will be required, as an additional levy or refund may be payable once the final cost is known.

After the practical completion date of the project, a levy payer will be asked to reconcile the PNF against the actual project cost and self-assess whether any further levy is payable.

[Refer Policy number 3/2007 for further information on the reconciliation process.]

Interest payments

Interest will usually be applied to late payment of the levy if a PNF is not received before work commences.

Notwithstanding that an amount of levy for construction work should be paid before construction work starts, consideration may be given to waive any interest payment were the levy payment is received within the terms of the Tax Invoice issued.

Circumstances to be taken into consideration in deciding whether to waive, in full or part, any interest payment includes;

- (a) timeliness of lodgement of notification of construction project in comparison to actual start date of construction work,
- (b) reasons, if any, given for delayed lodgement of notification of construction project, and
- (c) formal request to waive any interest payment.

<p>This is intended as a guide only and is not intended to bind the Board to any particular action or decision about the administration of the Long Service Levy assessment and payment provisions.</p>

Date Authorised: 11 December 2007