

# Interest on overdue levy

**Note:** The law on levy is stated in the Fire and Emergency New Zealand Act 2017 ('Act') and regulations made under it. The Act provides for a levy to be paid to Fire and Emergency New Zealand ('Fire and Emergency') (see Schedule 1, clause 25). Schedule 1 states that certain sections of the Fire Service Act 1975 apply and that the Fire Service Regulations 2003 apply. Schedule 1, subpart 3 of the Act, the Fire Service Act and the Fire Service Regulations only apply from the 1 July 2017 until Part 3 (sections 80 to 140) of the Act starts.

## Introduction

### When to use

This policy sets out guidelines for charging and waiving interest on overdue levy payments.

Apply this policy when Fire and Emergency has not received payment of the levy owed by the due date or when a levy payer asks for interest to be waived on payments of the levy owed after due date.

## About this policy

### Purpose

The aim of this policy is to:

- encourage levy payers to pay on time
- be fair and transparent with levy payers when levy payments owed are not received by the due date.

### Who it applies to

This policy applies to:

Role	Key responsibilities
Levy payers	Insurance companies, brokers, insurers and direct payers who are required under the Fire and Emergency New Zealand Act and the Fire Service Act 1975 to calculate levy due and pay levy by the due date
Fire and Emergency New Zealand Levy administrators	Initial review and assessment of any waiver of interest request
Fire and Emergency New Zealand Levy auditors	Audit levy calculations and payments made by levy payers
Fire and Emergency New Zealand Manager Levy	Makes decision on any waiver of interest request
Fire and Emergency New Zealand Finance Director	Reviews upon written request refusal of interest waiver

## Levy obligations

### Reminders

We usually remind levy payers (except brokers and insurers) of their levy obligations in accordance with prior payment history. The onus and ultimate responsibility for payment always remains with the levy payers.

Interest is payable, unless we waive it, irrespective of whether a reminder is sent or not.

### Due date

All levy payments owed must be received by the due date. This is the 15th day of the second month following the end of the month in which cover under contract of fire insurance or other arrangement either started or was renewed.

### Penalty surcharge

Where any levy payment owed has not been received within six months of the due date, a 10% surcharge will be charged each six months the levy owed. This surcharge includes GST and accumulates. We have no discretion to waive this surcharge.

### Interest

Interest is payable on overdue levy owed from the due date at a rate of 1.5% per month until payment in full.

### Waivers of interest

Any request for an interest waiver must be made in writing by the party that is responsible for payment of the levy. Your request must be emailed to [LevyWaiver@fireandemergency.nz](mailto:LevyWaiver@fireandemergency.nz) and provide an explanation as to why an interest waiver should be granted.

When considering an interest waiver, the Manager Levy will consider:

- How late the payment has been made
- The circumstances for late payment
- The payment history of the levy payer
- All relevant information

If your request is declined by the Manager Levy, you may request the Finance Director to review the decision. You may provide any further information. Unless exceptional circumstances apply, all requests for review must be in writing to the Finance Director and be received no later than 30 days after the levy payer was informed of the refusal to waive interest by the Manager Levy. The Finance Director decides whether exceptional circumstances exist or not.

The following reasons are generally not accepted as a reason to grant a waiver and requests will normally be declined:

- Oversight
- Delay between payment from insured to insurer and/or broker
- Computer errors
- Interest charged as a result of audit
- Ignorance of the law

The Manager Levy or the Finance Director may ask the levy payer for evidence in support of the reasons given before making a decision.

## Estimated levy payments

When it's difficult for the levy payer to calculate the exact amount of levy due, payment can be made based on an estimate. This estimate can be based on the previous year's sum insured or the indemnity value. It must be received by the due date.

When the exact amount of levy payable becomes known, the levy payer must inform Fire and Emergency of any difference between the amount due and the original payment.

**Note:** Use forms 2 to 6, depending on insurance arrangements.

In such cases:

- overpayments will be refunded.
- underpayments must be paid by the due date. If this additional payment is made after the due date for the levy, then the following rules apply to the portion of the payment that was late:
  - A surcharge will be applied if the levy is more than six months overdue.
  - Interest is charged unless waived.

## Entities may be audited

Insurance companies, brokers, owners and direct payers may be audited by Fire and Emergency in respect of their Fire and Emergency levy obligations.

## Who to contact

Contact us on [fel@fireandemergency.nz](mailto:fel@fireandemergency.nz).

## Related information

### Legislation

- Sections 47(B), 48(6)-(13), 49-51(A), 53, 53(A) and Schedule 3 of the [Fire Service Act 1975](#)
- [Fire and Emergency New Zealand Act 2017](#)

### Forms

The levy forms are set out in the Fire Service Regulations 2003, as amended under the Fire and Emergency New Zealand Act 2017.

The forms that will help you comply with this policy can be found at: [fireandemergency.nz](http://fireandemergency.nz) > About Us > [Levy payments and forms](#)