

Interest on overdue levy payments

Note

The Fire and Emergency New Zealand Act 2017 provides for a number of levy provisions under the Fire Service Act 1975 and the Fire Service Regulations 2003 to continue in force for a transitional period from 1 July 2017 until the commencement of Part 3 of the Fire and Emergency New Zealand Act 2017 (see clause 26 Schedule 1 to the Fire and Emergency New Zealand Act 2017).

Introduction

<p>When to use</p>	<p>This policy sets out guidelines for the charging and waiving of interest on overdue levy payments.</p> <p>Apply this policy when a levy payer has not made payment by the due date.</p>													
<p>Purpose</p>	<p>The aim of this policy is to:</p> <ul style="list-style-type: none"> encourage levy payers to pay on time be equitable and transparent with levy payers when levy payments are overdue. 													
<p>Who it applies to</p>	<p>This policy applies to:</p> <table border="1" data-bbox="411 1081 1441 1776"> <thead> <tr> <th data-bbox="411 1081 770 1142">Role</th> <th data-bbox="778 1081 1441 1142">Key responsibilities</th> </tr> </thead> <tbody> <tr> <td data-bbox="411 1153 770 1265">Levy payers</td> <td data-bbox="778 1153 1441 1265">Insurance companies, brokers, insurers and direct payers who are required under the Fire Service Act 1975 to calculate levy due and pay levy by due date.</td> </tr> <tr> <td data-bbox="411 1276 770 1422">Fire and Emergency New Zealand Fire and Emergency New Zealand Levy analysts</td> <td data-bbox="778 1276 1441 1422">Initial review and assessment for any waiver of interest request.</td> </tr> <tr> <td data-bbox="411 1433 770 1512">Fire and Emergency New Zealand Levy auditors</td> <td data-bbox="778 1433 1441 1512">Audit levy calculations and payments made by levy payers.</td> </tr> <tr> <td data-bbox="411 1523 770 1635">Fire and Emergency New Zealand National Funding and Procurement Manager</td> <td data-bbox="778 1523 1441 1635">Make recommendation for any waiver of interest request.</td> </tr> <tr> <td data-bbox="411 1646 770 1776">Fire and Emergency New Zealand Deputy Chief Executive- Finance & Business Operations</td> <td data-bbox="778 1646 1441 1776">Make decision for any waiver of interest request.</td> </tr> </tbody> </table>		Role	Key responsibilities	Levy payers	Insurance companies, brokers, insurers and direct payers who are required under the Fire Service Act 1975 to calculate levy due and pay levy by due date.	Fire and Emergency New Zealand Fire and Emergency New Zealand Levy analysts	Initial review and assessment for 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 National Funding and Procurement Manager	Make recommendation for any waiver of interest request.	Fire and Emergency New Zealand Deputy Chief Executive- Finance & Business Operations	Make decision for any waiver of interest request.
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<p>Contents</p>	<p>This policy contains the following content:</p> <ul style="list-style-type: none"> Levy obligations Related information 													

Levy obligations

<p>Reminders</p>	<p>We will endeavour to remind levy payers, at appropriate times, of their levy obligations. The onus and ultimate responsibility for payment always remains with the levy payer.</p> <p>We can charge interest irrespective of whether a reminder is given.</p>
<p>Due date</p>	<p>All levy payments must be paid by the due date. This is the 15th day of the second month following the end of the month in which their contract of fire insurance or other arrangement was incepted.</p>
<p>Surcharge</p>	<p>Where any levy payment has not been made within six months of the due date, a 10% surcharge will be charged each six months the levy remains unpaid. This surcharge includes GST and accumulates. We have no discretion to waive this surcharge.</p>
<p>Interest</p>	<p>Interest is chargeable on overdue levy payments from the due date at a rate of 1.5% per month until payment in full.</p> <p>We will generally not charge interest amounts of less than \$200, although the Deputy Chief Executive- Finance & Business Operations may choose to do so.</p>
<p>Waivers of interest</p>	<p>The Deputy Chief Executive- Finance & Business Operations has discretion to waive interest payable. The Deputy Chief Executive- Finance & Business Operations takes into account any reasons given for the late payment of levy when exercising that discretion.</p> <p>The following reasons for late payment will not generally be regarded as justifying a waiver:</p> <ul style="list-style-type: none"> • Ignorance of the law about the payment and calculation of the levy. • The levy payer's administrative oversight, such as: <ul style="list-style-type: none"> ○ computer errors ○ staff changes or shortages ○ lack of staff training ○ payment to the wrong account • Bank error.

<p>Estimated levy payments</p>	<p>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 paid by the due date.</p> <p>When the exact amount of levy payable becomes known, the levy payer must inform Fire and Emergency New Zealand of any difference between the amount due and the original payment. Note: Use forms 2 to 6, depending on insurance arrangements.</p> <p>In such cases:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ A surcharge will be applied if the levy is more than 6 months overdue. ○ Interest may be charged.
<p>Entities may be audited</p>	<p>Insurance companies, brokers and corporate entities may be audited in respect to their Fire and Emergency New Zealand levy obligations.</p>
<p>Who to contact</p>	<p>Contact us on fel@fireandemergency.nz.</p>

Related information

<p>Legislation</p>	<p>We must comply with legislation, including the following:</p> <ul style="list-style-type: none"> • Sections 48, 50, 51 and 53 of the Fire Service Act 1975 • Fire and Emergency New Zealand Act 2017
<p>Forms</p>	<p>The levy forms are set out in the Fire Service Regulations 2003, as amended under the Fire and Emergency New Zealand Act 2017 and Fire and Emergency (Levy Rates and Information Requirements in Transitional Period) Regulations 2017.</p> <p>The forms that will help you comply with this policy can be found at: fireandemergency.nz > About Us > Levy payments and forms</p>

Document information

Owner	Deputy Chief Executive- Finance & Business Operations
Last reviewed	19 February 2019
Review period	Yearly

Record of amendment

Date	Brief description of amendment
July 2015	Under the Corporate Information Framework project, the Charging Interest on Overdue Fire Service Levy Payments policy (POLFA 7.6) has been renamed and reformatted to make it easier for personnel to find and understand.
1 July 2017	This policy was reviewed as part of the implementation of the Fire and Emergency New Zealand Act 2017.
10 August 2018	This policy was reviewed and confirmed current and correct with no changes.
19 February 2019	This policy was updated to reflect the change in management structure at Fire and Emergency New Zealand and explain surcharge in further detail.