

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>This policy is effective for payments received after 1 March 2020.</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 1104 1441 1794"> <thead> <tr> <th data-bbox="411 1104 775 1167">Role</th> <th data-bbox="775 1104 1441 1167">Key responsibilities</th> </tr> </thead> <tbody> <tr> <td data-bbox="411 1167 775 1290">Levy payers</td> <td data-bbox="775 1167 1441 1290">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 1290 775 1447">Fire and Emergency New Zealand Fire and Emergency New Zealand Levy analysts</td> <td data-bbox="775 1290 1441 1447">Initial review and assessment for any waiver of interest request.</td> </tr> <tr> <td data-bbox="411 1447 775 1541">Fire and Emergency New Zealand Levy auditors</td> <td data-bbox="775 1447 1441 1541">Audit levy calculations and payments made by levy payers.</td> </tr> <tr> <td data-bbox="411 1541 775 1664">Fire and Emergency New Zealand Team Leader</td> <td data-bbox="775 1541 1441 1664">Makes decision for any waiver of interest request</td> </tr> <tr> <td data-bbox="411 1664 775 1794">Fire and Emergency New Zealand Deputy Chief Executive- Finance & Business Operations</td> <td data-bbox="775 1664 1441 1794">Reviews upon request any decline of interest waiver</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 Team Leader	Makes decision for any waiver of interest request	Fire and Emergency New Zealand Deputy Chief Executive- Finance & Business Operations	Reviews upon request any decline of interest waiver
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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 usually remind levy payers of their levy obligations in accordance with your prior payment history. The onus and ultimate responsibility for payment always remains with the levy payer.</p> <p>We may charge interest irrespective of whether a reminder is provided or not.</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 or renewed.</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. Interest is calculated based on the GST inclusive levy value.</p>
<p>Waivers of interest</p>	<p>Any request for an interest waiver must be made in writing by the party that is responsible for payment of the levy. Your request should be emailed to LevyWaiver@fireandemergency.nz and provide an explanation as to why an interest waiver should be granted.</p> <p>When considering an interest waiver, the Levy Team Leader will consider:</p> <ul style="list-style-type: none"> • How late the payment has been made • The circumstances for late payment • The payment history of the levy payer <p>If your request is declined by the Levy Team Leader, you may request that the Deputy Chief Executive- Finance & Business Operations to review the decision. You should provide any further information not previously considered.</p> <p>The following reasons are generally not accepted as a reason for late payment and requests will normally be declined:</p> <ul style="list-style-type: none"> • Administrative oversight • Delay between payment from client to insurer and/or broker • Computer errors • Penalties charged as a result of audit • Ignorance of the law

Estimated levy payments	<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.
Entities may be audited	Insurance companies, brokers and corporate entities may be audited in respect of their Fire and Emergency New Zealand levy obligations.
Who to contact	Contact us on fel@fireandemergency.nz .

Related information

Legislation	<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
Forms	<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	1 March 2020
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.
1 March 2020	Policy was reviewed.