

Project Owner Definition and Obligations for payment of the CITF Levy



The purpose of this fact sheet is to help people to understand the project owner definition and project owners' responsibilities as defined by the Construction Industry Training Fund Act 1993 (CITF Act) and Construction Industry Training Fund Regulations 2008 (CITF Regulations).

The project owner is generally the builder of a building or construction project and is required to pay the CITF levy on the estimated (GST inclusive) building and construction cost, before obtaining building approval, or if no building approval is required, before commencing construction. However, if at the time of paying the CITF Levy on a building or construction project that you own or are developing, you have not appointed a builder or developer then you, the "Property Owner" will be deemed to be the Project Owner of the building and construction project, even though you subsequently appoint a builder.

Therefore in most cases the **Project Owner** will be the builder. If a builder has not been appointed at the time of paying the Levy then the **Property Owner** will be the Project Owner.

The CITF Act describes the project owner as:

Project owner in respect of building or construction work, means:

(a) if a person has been engaged (other than as an employee) to carry out or to cause to be carried out (including by the use of one or more subcontractors) all, or substantially all, of the building or construction work associated with a particular project-that person¹

(b) in any other case-the person for whose direct benefit the building or construction work exists on its completion

PROJECT OWNER DEFINITION AND OBLIGATIONS FOR PAYMENT OF THE CITF LEVY FACT SHEET



What are the Project Owner's responsibilities?

The Project Owner is required to:

1. Pay the levy prior to commencement of construction on the estimated value of construction. (Section 24)
2. Keep accurate records (Regulation 9)
3. Notify the Board of the actual value of the building or construction work within three months of completion if it exceeds \$25,000 of its original estimated cost. (Section 26)
4. Pay any adjusted levy amounts calculated on the difference between the Estimated Value prior to commencement and the Actual Value on completion of the project. (Section 27) (Section 28)

1. Payment of the levy (Section 24)

The Project Owner must pay the levy to the Board or a Collection Agent **before** building approval is sought or if no building approval is required then **before** commencing that building or construction work.

2. Keep accurate records (Regulation 9)

The project owner must keep the following records for a period of 5 years from commencement of the work

- > copy of all forms submitted to or received from the Board or a Collection Agency relating to the payment or refund of the levy
- > the date on which the building or construction work commenced
- > the value of the building or construction work
- > the site address of the building or construction work
- > brief details describing the type of building or construction work

3. Notify the Board when the actual project value varies by \$25,000 or more (Section 26)

The project owner must notify the Board within three months after the completion of building or construction work if the actual value of the work exceeds \$25,000 from the estimated project value.

Statement of Completion Declaration

If the Project Owner fails to notify the Board of the final completion value on the project then the Board may send the Project Owner a Statement of Completion Declaration.

The Project Owner is required to complete the Statement of Completion Declaration form if they receive one from the Board. This document is a legal document which asks the Project Owner to confirm the date the project was completed and the final value of the building or construction work including GST.

4. Pay any adjusted levy amounts (Section 27)

When the actual cost of construction/project value (including GST) on completion of the project, varies by \$25,000 or more from the estimated project value, the Project Owner must pay the levy on the adjusted amount.

- > Estimated project value \$300,000
- > Original levy amount \$750.00
- > Actual project value \$345,000
- > Adjusted levy amount
 $\$45,000 \times 0.25\% = \112.50

If the actual project value varies by \$25,000 or more below the estimated project value, the Project Owner may notify the Board and on receipt of such notice and proof to the Board's satisfaction, it will refund the levy on the adjusted amount.

- > Estimated project value \$300,000
- > Original levy amount \$750.00
- > Actual project value \$230,000
- > Adjusted levy refund
 $\$70,000 \times 0.25\% = \175.00

5. Cancellation of project – refunds (Section 28)

The Project Owner may notify the Board if any building or construction work or part of any building or construction work is not carried out after the levy is paid for the work.

Once the Project Owner provides proof to the Board's satisfaction that the work was not carried out, and the Project Owner is able to prove that they will not be obtaining a "windfall gain" by obtaining a refund of the Levy from the Board, by providing proof that they have or that they will reimburse any third party, if they have "on charged" the Levy to them, the Board must refund the Project Owner the amount of the levy paid in respect of the work or part of the work not carried out.

References

The relevant parts of the Act and Regulations are:

Project owner definition – Part 1-Preliminary, section 3-Interpretation, sub-section 1, project owner

Building or construction work under the Act – Schedule 1 & 1A

Payment of levy – Part 4-Levies, section 24-Liability of the project owner to pay levy

Notification of variation – Part 4-Levies, section 26-Notice of variation

Adjusted payments and refunds – Part 4-Levies, section 27-Adjustment of amount paid

Cancellations – Part 4-Levies, section 28-Cancellation of project

Penalties – Regulations, section 7-Penalties

Records – Regulations, section 9-Records