

## APPLICATION OF GST TO COUNCIL BUILDING SURVEYING FEES

### Purpose

The purpose of this Advisory Note is to provide clarification to councils regarding collection of the Goods and Services Tax (GST) for building surveying services that councils may offer.

### Background

It has been brought to the attention of the Building Control Branch that some councils might not be applying GST to their building surveying fees in a manner consistent with the Federal Treasurer's GST Determination on charges administered by government agencies.

A *New Tax System (Goods and Services Tax) Act 1999* Division 81, Section 81.1, provides that GST applies to payments of taxes, fees and charges, except those that are excluded from GST by a determination of the Federal Treasurer. The State Government has negotiated with the Federal Treasury Department for GST exemptions for certain fees charged under the *Building Act 2000* and the Building and Plumbing Regulations. **A list of the only exempt charges relevant to this Act and its Regulations is attached to this Advisory Note.** Further information is available on the Tasmanian Department of Treasury and Finance website [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au) under the 'Budget and Financial Information Home Page'.

In accordance with the Federal Treasurer's Determination, GST is applicable to non-exempt building surveying services. These include the issue of Certificates of Likely Compliance, Certificates of Final Inspection, and inspections. If a council is not collecting GST for these non-exempt services it would have a commercial advantage over private building surveyors who must collect GST from clients. This is contrary to the intent of the *Building Act 2000* to allow competition between private and council employed building surveyors. Councils may also be failing to discharge their obligations to the Australian Taxation Office.

The Office of the Tasmanian Economic Regulator (OTTER) (incorporating GPOC) can also assist councils to ensure that their current fee structure for building surveying services fully complies with Competitive Neutrality Principles. There are a range of publications available on its website that deal with Competitive Neutrality: [www.gpoc.tas.gov.au](http://www.gpoc.tas.gov.au)

Available on the National Competition Policy page are these publications relevant to Competitive Neutrality:

- *The National Competition Policy Competitive Neutrality Principles Complaints Mechanism Guidelines, October 2008*
- *The Local Government Application Statement, April 2004*
- *An open letter to councils written in 2004 re Competitive Neutrality Principles*

Publications available (hard copy) from the Department of Treasury and Finance:

- *Guidelines for considering the Public Benefit under the National Competition Policy, March 1997*
- *Full Cost Attribution Guidelines for Local Government, June 1997*
- *Significant Business Activities and Local Government in Tasmania* (electronic copy also available on the Treasury website: [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au))

### **More information regarding Competition Neutrality Principles:**

Contact Heather Cerruty, Assistant Director, Office of the Tasmanian Economic Regulator and Government Prices Oversight Commission. Phone (03) 6233 5603.

### **List of compulsory statutory charges that are not subject to GST. Current January 2009**

<b>Type of regulatory service</b>	<b>Statutory reference</b>
Request for and report from a Reporting Authority	<i>Building Regulations 2004</i>
Application for and granting of Building Permit	<i>Building Act 2000</i>
Application for and granting of Plumbing Permit or Special Plumbing Permit	<i>Building Act 2000</i>
Application for and granting of Occupancy Permit	<i>Building Act 2000</i>
Application for and granting of Temporary Occupancy Permit	<i>Building Act 2000</i>
Application for and granting of building certificate	<i>Building Regulations 2004</i>
Application for and granting of Certificate of Completion (Building Work)	<i>Building Act 2000</i>
Application for and granting Certificate of Completion (Plumbing work)	<i>Building Act 2000</i>
Application for and granting of a Permit to Proceed	<i>Building Act 2000</i>
Application for and granting of a Permit of Substantial Compliance	<i>Building Act 2000</i>
Service of Infringement Notice	<i>Building Act 2000</i>
Building Permit levy	<i>Building Regulations 2004</i>

### **Issued by the Delegate of the Director of Building Control**

Phone: (in Tasmania) 1300 366 322; Phone: (outside Tasmania) (03) 6233 7657; Fax: (03) 6233 8338

Email: [wstinfo@justice.tas.gov.au](mailto:wstinfo@justice.tas.gov.au) Website: [www.wst.tas.gov.au/building](http://www.wst.tas.gov.au/building) Address: PO Box 56, Rosny Park TAS 7018.