Policy

Interest on overdue levy

Note: The law governing the Fire and Emergency levy is contained in the Fire and Emergency New Zealand Act 2017 (the Act) and the Fire and Emergency New Zealand (Levy) Regulations 2024 (the Regulations).

From 1 July 2026, Part 3 (sections 80–143) of the Act comes fully into force and replaces all transitional levy arrangements.

Introduction

When to use

This policy provides guidance on:

- charging interest on overdue Fire and Emergency levy payments
- considering and deciding requests to waive interest on overdue levy payments.

Apply this policy where Fire and Emergency New Zealand has not received levy by the due date, or where a person liable to pay the levy requests that interest be waived.

This policy is effective for contracts commenced from 1 July 2026.

Contents

This policy contains the following content:

About this policy

Purpose

The purposes of this policy are to:

- encourage persons liable to pay the levy to meet obligations on time
- apply interest consistently, lawfully and transparently
- provide a fair process for considering interest waiver requests where appropriate.

Who it applies to

This policy applies to:

<table>
<tr><th>Role</th><th>Key responsibilities</th></tr>
<tr><td>Persons liable to pay the levy.
Depending on the insurance arrangement, this may include:
Insurers (where a New Zealand-based insurer underwrites the risk)
Insurance intermediaries (brokers) (where required under the Act, including where insurance is placed offshore)
Insured persons (who must pay the levy directly where no New Zealand-based insurer or responsible intermediary is involved)</td><td>Calculate and pay the levy under Part 3 of the Act</td></tr>
<tr><td>Fire and Emergency</td><td>Audits levy calculations and payments
Carries out initial review and assessment of any waiver of interest request
Makes decision on any waiver of interest request
Reviews upon written request refusal of interest waiver</td></tr>
</table>

Levy obligations

Reminders

Fire and Emergency may send reminders to insured persons who are liable to pay the levy directly to Fire and Emergency. Reminders are provided as a courtesy only and may not be issued in every case.

The obligation to calculate and pay levy on time rests with the person liable to pay the levy.

Interest applies to overdue levy whether or not a reminder is issued.

Due date

Levy must be paid by the due date specified under section 88 of the Act.

For operational purposes, this is the:

> 15th day of the third month following the end of the month in which the contract of insurance was entered into.

Shortfall penalties

Application of shortfall penalties

Where the levy payer takes a levy position that results in a levy shortfall and Fire and Emergency determines:

- the levy payer has **not taken reasonable care** in taking the levy position; or
- it is an **unacceptable levy position**, and the levy shortfall is greater than both:
  - $1,000; and
  - 1% of the amount of levy that is payable for the correct levy position; or
- it is an **abusive levy position**; or
- the levy payer is **grossly careless** in taking the levy position,

a shortfall penalty may apply in accordance with Subpart 4 of Part 3 of the Act.

Shortfall penalties:

- are imposed in accordance with the statutory penalty regime under the Act
- are applied at the rates stated in the statutory regime, and reductions may apply in circumstances provided for in the Act
- are separate from interest
- may themselves be subject to interest if unpaid by the due date of the shortfall penalty invoice.

Shortfall penalties are imposed in accordance with the Act. Fire and Emergency does not have a general discretion to waive shortfall penalties, although statutory reductions may apply in circumstances provided for in the Act.

Due date for shortfall penalty

Where a shortfall penalty is assessed, Fire and Emergency will issue a notice specifying the amount payable. The due date for payment of a shortfall penalty is the date specified in the notice issued by Fire and Emergency requiring payment of the shortfall penalty. This due date must not be less than 20 working days after the date on which Fire and Emergency notifies the person of the due date.

Interest on any unpaid shortfall penalty:

- applies from the day after the due date specified in the notice
- is calculated in accordance with sections 137–138 of the Act.
- is calculated at the relevant statutory interest rate.

Interest on overdue levy

Interest is payable on unpaid levy in accordance with sections 137–138 of the Act.

Interest:

- applies from the day after the due date of the levy until payment is made in full
- is calculated daily
- is based on the 'taxpayer's paying rate' set under the Tax Administration Act 1994.

Fire and Emergency may recover interest as if it were levy payable.

Waivers of interest

How to request a waiver

Requests to waive interest must:

- be made in writing by the person liable to pay the levy
- be sent to LevyWaiver@fireandemergency.nz
- include an explanation and any supporting evidence.

Decision-making criteria

Fire and Emergency may waive interest in accordance with reg 26 of the Regulations if the levy payer has not paid the underlying levy because of an unexpected event or error outside their control that provides reasonable justification for not having paid the levy on time.

In considering a request, the Fire and Emergency will take into account:

- the length of delay
- the reasons for late payment
- compliance and payment history
- any relevant supporting information.

Fire and Emergency may request additional evidence before making a decision.

Review of declined requests

If a waiver request is declined, the person liable to pay the levy may request a review by the Fire and Emergency.

Requests:

- must be in writing
- must be received within 30 days of notification
- may include additional supporting information.

Fire and Emergency will review the decision, including any additional information provided, and determine whether the waiver request has been assessed in accordance with this policy and the Regulations. Fire and Emergency's decision is final for its internal review process.

Reasons generally not accepted

The following reasons will generally not result in a waiver:

- Oversight or administrative error
- Delay in receiving funds from another party
- System or computer errors within the levy payer's control
- Interest arising from audit adjustments
- Ignorance, misunderstanding or mistake regarding levy obligations

Estimated levy payments

Estimated levy payments

Where it is impractical to calculate the exact levy by the due date:

- payment may be made based on a reasonable estimate
- the estimate must be paid by the due date.

When the actual levy becomes known, the person liable to pay the levy must notify Fire and Emergency of any difference.

In these cases:

- overpayments will be refunded in accordance with the Regulations. Interest on overpaid levy will be paid in accordance with sections 137 and 138 of the Act
- underpayments must be paid promptly
- interest is payable on unpaid levy in accordance with sections 137 and 138 of the Act.

Audit powers

Audit powers	Persons liable to pay the levy (including insurers, intermediaries and insured persons) may be audited by Fire and Emergency to verify compliance with levy obligations under the Act and may be required to provide information to Fire and Emergency.

Contact information

Contact us at fel@fireandemergency.nz.

Related information

Legislation

Fire and Emergency New Zealand Act 2017, particularly Part 3

Fire and Emergency New Zealand (Levy) Regulations 2024