



DISCOUNT ON LEVY CONTRIBUTIONS FOR TIMELY PAYMENT

The Body Corporate must approve two budgets for each financial year, for the two 'aspects' of their bank account:

1. The Administrative Fund
2. The Sinking Fund

All Lot Owners must pay Annual Contributions (commonly called Levies) into their Body Corporate bank account, these are determined from the budget of the Administrative Fund and the Sinking Fund.

The Treasurer drafts an annual budget for both funds for anticipated expenditure for the upcoming financial year. The Body Corporate Manager (BCM) under its Management agreement may be acting in the position of Treasurer.

The BCM often drafts the budget for the Committee to approve prior to it being put on the agenda of the Annual General Meeting. At the time of the AGM, the Lot Owners vote on whether to accept the proposed budget, and therefore pay the contributions required to meet the budget.

The Administration Fund Budget and Contributions motion is the motion that Lot Owners vote from to determine the Administration Fund budget for the next financial year for the Body Corporate.

The Body Corporate and Community Management (Standard Module) Regulation 2008 states the following in relation to budgets and contributions:

139 Budgets

- (1) The Body Corporate must, by ordinary resolution, adopt 2 budgets for each financial year:
 1. The administrative fund budget.
 2. The sinking fund budget.

141 Contributions To Be Levied On Owners

- (1) The Body Corporate must, by ordinary resolution:
 - (a) Fix, on the basis of its budgets for a financial year, the contributions to be levied on the owner of each lot for the financial year; and

- (b) Decide the number of instalments in which the contributions are to be paid; and
- (c) Fix the date on or before which payment of each instalment is required.

(3) Also, the Committee may fix an interim contribution to be levied on the owner of each lot before the owner is levied contributions fixed on the basis of the Body Corporate's budgets for a financial year.

If contributions are paid on or before the due date, the Body Corporate and Community Management (Standard Module) Regulation 2008 has made the following stipulations regarding Discounts for Timely Payments that can be included as a motion for the Body Corporate to vote on at the time of the AGM if they choose.

143 Discounts For Timely Payment

(1) The Body Corporate may, by ordinary resolution, fix a discount to be given to owners of lots if a contribution, or an installment of a contribution, is received by the Body Corporate by the date for payment fixed in notices of contribution given to the owners.

(2) The discount can not be more than 20% of the amount to be paid.

Example

Suppose that:

(a) A contribution of \$100 is payable in 4 installments of \$25 and the Body Corporate has fixed a discount of 10% for payment by the date for payment in the notices of contribution given to the owners; and

(b) An account requiring payment of an installment of \$25 by 31 March is given to an owner of a lot; and

(c) The installment is paid on 25 March.

In this case, the owner is entitled to a discount of \$2.50 on the installment.

FACT SHEET

The Body Corporate and Community Management Fact Sheet on Financial Management states the following:

Discounts and Penalties

The Body Corporate may choose to use contribution discounts and late payment penalties to encourage owners to pay contributions by the required date for payment. Contribution discounts and penalties are fixed by an ordinary resolution of the Body Corporate.

A discount is given to an owner if a contribution is received by the Body Corporate by the date for payment.

The discount cannot be more than 20 per cent of the amount to be paid...If the Body Corporate is satisfied there are special reasons for allowing a discount the Body Corporate may allow the discount in whole or part.

SOURCES:

<http://www.legislation.qld.gov.au/LEGISLTN/CURRENT/B/BodyCorpStR08.pdf>

Body Corporate and Community Management (Standard Module) Regulation 2008 section 139, 141, 143, Reprint 1F effective 30 September 2011

<http://www.legislation.qld.gov.au/LEGISLTN/CURRENT/B/BodyCorpAcMR08.pdf>

Body Corporate and Community Management (Accommodation Module) Regulation 2008, section 141, Reprint 1F effective 30 September 2011

<http://www.legislation.qld.gov.au/LEGISLTN/CURRENT/B/BodyCorpCoR08.pdf>

Body Corporate and Community Management (Commercial Module) Regulation 2008, section 102, Reprint 1F effective 30 September 2011

<http://www.legislation.qld.gov.au/LEGISLTN/CURRENT/B/BodyCorpSmSMR08.pdf>

Body Corporate and Community Management (Small Schemes Module) Regulation 2008, section 77, Reprint 1F effective 30 September 2011

http://www.justice.qld.gov.au/_data/assets/pdf_file/0003/12864/Financial_Management.pdf

Body Corporate and Community Management Fact Sheet on Financial Management

