

Construction Industry Training Authority
Levy Imposition, Determination and Objection

Purpose

1. This paper explains the existing operations of Construction Industry Training Authority (CITA) in relation to levy matter including its imposition, determination and objection.

Levy Imposition and Determination

2. The day-to-day imposition and determination of levy has been delegated to the Accounts Department of the Authority, and are based on the policies & guidelines established or the decisions on various objection cases made by the Committee on Levy. **The duty of levy imposition and determination has been, in effect, segregated from handling the objection cases by the Committee on Levy.**

3. Pursuant to Section 24(1) of the Ordinance, the Contractor and Authorized Person are required to report to the Authority, in **Form 1**, the value of all leviable construction operations of each individual contract within 14 days **after any construction operations have begun** or such further time as the Authority may in any case allow.

4. Pursuant to Section 25(1), the Contractor is required to report to the Authority, in **Form 2**, the payments or interim payments made in respect of any construction operations within 14 days **after the payment is made** or such further time as the Authority may in any case allow.

5. Pursuant to Section 25(2), the Contractor and Authorized Person are required to report to the Authority, in **Form 3**, the completion of each individual contract within 14 days **after the completion of any construction operations** or such further time as the Authority may in any case allow.

6. Upon receipt of the notice of payment (Form 2) or notice of completion (Form 3), the Accounts Department will **make a provisional / final assessment** based on the reported value of the construction operations. An Assessment Notice will be sent to the contractor notifying him of the amount of levy payable.

7. Pursuant to Section 27, the Contractor is required to settle the levy within 28 days after the receipt of the Assessment Notice. If the Contractor disagrees with the amount of levy assessed, he may, by notice in writing served on the Authority within 21 days after the receipt of the Assessment Notice, object to the levy in accordance with Section 29(1).

8. The procedural flowchart is given in **Appendix A**.

Objection

9. Pursuant to Section 29(2) of the Ordinance, an objection shall state precisely the grounds of objection and shall be accompanied by all written statements and other documentary evidence relied upon in support of objection.

10. Objection case will initially be handled by the Accounts Department in accordance with past decisions or guidelines made by the Authority's Committee on Levy. Exchange of correspondence took place between the Accounts Department and the Contractor. If the Contractor is satisfied with the decision, no further action is necessary. If the Contractor disagrees and feels that he has strong grounds to support the objection, the case will be brought up to the Committee on Levy.

11. An objector, who is aggrieved with the decision notified to him, may appeal to the District Court against the decision in accordance with Section 30.

12. The procedural flowchart is given in **Appendix B**.

Control Mechanism

13. **The purpose of the existing procedures mentioned above are designed in such a way to avoid role conflict.**

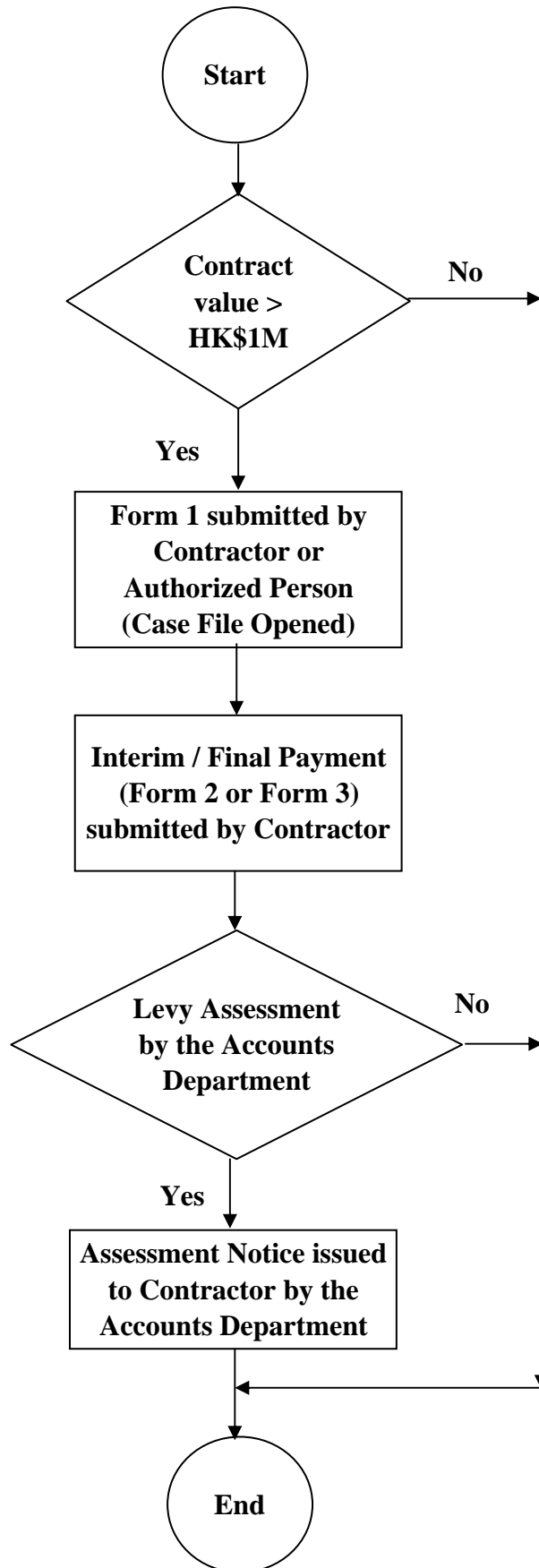
14. Except for some minor issues, legal advice will be sought for Members' reference in examining the objection cases.

15. In the main, the Committee on Levy is responsible for establishing the policies and guidelines and handling the objection cases to ensure the consistency of the interpretation of the Ordinance and the adoption of established principles. The day-to-day imposition and determination of levy are carried out by the Accounts

Department. The duty of levy imposition and determination has been, in effect, segregated from handling the objection cases by the Committee on Levy. As the term of the Committee is for 1 or 2 years and the membership composition of the Committee changes with new appointment, a mechanism is in fact in place for new Members to test / review the policies and guidelines.

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