

Review your levy processes now to avoid potential complications from October 2025

With major changes to levy recovery laws expected to come into effect in October 2025, owners corporations need to act swiftly to avoid potentially breaching these new requirements.

The Strata Schemes Legislation Amendment Act 2025 imposes new requirements that will alter the levy recovery process for owners corporations. Understanding these changes and taking action before they take effect will assist in ensuring that owners corporations are not too impacted during the transition.

What are the key changes for levies?

Section 85(5) of the Strata Schemes Management Act 2015 which will be amended substantially, including:

- An owners corporation must not, by resolution, refuse to enter payment plans for the payment of overdue contributions (s85(5AB)).
- Despite subsection (5AB) an owners corporation may refuse to enter into payment plans for the payment of overdue contributions in particular cases (5AC).
 - Section 85(5A) prescribes that a request by an owner to enter a payment plan (the *request*) may be reasonably refused by the owners corporation.
 - Section 85(5B) states that the regulations may prescribe what constitutes a reasonable refusal in relation to payment plans. What qualifies as reasonable will be defined by regulations, which are yet to be released.
- Pursuant to newly enacted section 85(9), the Tribunal, may on application by the owner, order that the owners corporation agree to the owner's request if the Tribunal is satisfied that the refusal by the owners corporation of the request was not reasonable.

Section 86 of the Strata Schemes Management Act 2015 has been amended including:

- Amending 86(4), extending the required notice period before initiating levy recovery proceedings from 21 to 30 days.
- Inserting a new 86(2AA) to restrict an owners corporation from recovering its reasonable expenses and any interest payable on unpaid contributions unless:

- the owners corporation has offered the owner the option of entering a payment plan for the payment of the unpaid contributions (a), and;
- pursuant to an order of the Tribunal or a court under this section (b).
- Inserting a new 86(6) expressly limiting an owners corporation from taking action to recover an amount under this section from an owner if:
 - the amount is being dealt with under a payment plan (a); and
 - the payment plan is being complied with by the owner (b).
- Inserting a new 86(7) prescribing how any payments received by owners is to be allocated:
 - to contributions, in order of due date,
 - to interest;
 - to expenses of the owners corporation in recovering contributions ordered to be paid under this section.
- Inserting a new 86(8) setting some exceptions to 86(7) where a court of tribunal otherwise orders a different application, or the owner in arrears otherwise specifies how the payment is to be applied.

What will happen immediately on commencement of these changes?

1. From that date, a 30-day notice will be required before levy recovery proceedings can commence.
 - a. Any matters where the previously required 21-day notice had been issued before the changes kicked in would remain able to be commenced but would need to wait the 30 days.
 - b. Any matters commenced before the changes start after issuing a 21-day notice would be validly commenced even if they were filed after 21 days, but before 30 days had passed.
2. Payment plans must have been offered if it is intended to seek to recover expenses in any proceedings.
 - a. This won't apply to proceedings that have already been commenced at the time that the changes commence.
3. Unless otherwise ordered by the court or specified by the debtor, no payments received from owners are able to be put towards expenses:
 - a. Unless all outstanding levies and interest have been paid; and
 - b. The expenses have been ordered to be paid.

This does not change the manager's contract with the owners corporation and the levy collection fees will still be payable by the owners corporation depending on the drafting of the agreement.

For further information about other reforms, please click [here](#).

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