

## Chapter 13

# Illegal money lending levy



13.1 Application and purpose

Application

13.1.1 **R** This chapter applies to every *person* that is in activity group CC1 (Credit-related regulated activities with limited permission) or CC2 (Credit-related regulated activities).

Purpose

13.1.2 **G** The purpose of this chapter is to set out the requirements on the *persons* listed in ■ FEES 13.1.1R to pay the annual *IML levy* to fund the costs of taking action against illegal money lending.

13.1.3 **G** Section 333S of the *Act* (Financial assistance for action against illegal money lending) provides that the Treasury may make grants or loans, or give other forms of financial assistance, to *persons* for the purpose of taking action against illegal money lending.

13.1.4 **G** Section 333T of the *Act* (Funding of action against illegal money lending) requires the Treasury to notify the *FCA* of the amount of the Treasury's illegal money lending costs. The *FCA* must make *rules* requiring *authorised persons*, or any specified class of *authorised person*, to pay to the *FCA* the specified amounts or amounts calculated in a specified way, with a view to recovering the amounts notified to it by the Treasury.

13.1.5 **G** ■ FEES 13 sets out the *rules* referred to in ■ FEES 13.1.4G.

13.1.6 **G** The amounts to be paid under the *rules* may include a component to recover the expenses of the *FCA* in collecting the payments.

13.1.7 **G** The *FCA* must pay to the Treasury the amounts that it receives under the *IML levy* apart from amounts in respect of its collection costs (which it may keep).

13.1.8 **G** This chapter sets out the method by which the *IML levy* will be calculated. Details of the actual levy payable will vary from year to year, depending on the amount of funding provided by the Treasury for the purpose of combatting illegal money lending. These details are set out in ■ FEES 13 Annex 1R. New details will be prepared and consulted on for each *financial year*.

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|--------|---|
|        | <b>Gibraltar-based firms</b><br>.....   |
| 13.1.9 | <div><div>R</div><div><p>In accordance with ■ GEN 2.3 (General saving of the Handbook for Gibraltar), <i>rules or guidance</i> in ■ FEES 13 that immediately before <i>IP completion day</i> applied in relation to or in connection with Gibraltar will continue to apply after <i>IP completion day</i>. The exceptions to this provision are the fee rates set out in ■ FEES 13 Annex 1R, which may change each <i>fee year</i>.</p></div></div> |



13.2 The IML levy

Obligation to pay the IML levy

- 13.2.1

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A *firm* must pay each *IML levy* applicable to it:

in full and without deduction by 1 August (or, if later, within 30 *days* of the date of the invoice) in the financial year to which the sum relates; and

in accordance with the *rules* in this chapter.
- 13.2.1A

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Schedule 6A to the *Act* sets out a procedure to enable the *FCA* to cancel or vary the *Part 4A permission* of a *person* who it appears to the *FCA* is not carrying on a *regulated activity*. Paragraph 5 of that schedule sets out a procedure for annulment of cancellation or variation of *Part 4A permission* in specified circumstances. Where the *FCA* grants an application for annulment, paragraph 6 of Schedule 6A sets out its effect. In particular, the cancellation or variation of *Part 4A permission* is treated as if it had never taken place. As a result of the effect of annulment under Schedule 6A, the *IML levy* in relation to the period during which the *person's Part 4A permission* was cancelled or varied applies to the *person*.
- 13.2.1B

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Where the *FCA* grants a *person's* application for annulment of a cancellation or variation of *Part 4A permission* under Schedule 6A to the *Act* and the *person* falls within ■ FEES 13.2.1R and the annulment takes effect after 1 August or after the invoice referred to in ■ FEES 13.2.1R(1) has been issued, then that date for payment does not apply, but the *person* must pay the *IML levy* applicable to it in full and without deduction, on the date on which the annulment takes effect.
- 13.2.2

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Calculation of the IML levy

- 13.2.3

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The *IML levy* is calculated as follows:

(1)

identify whether activity group CC1 or CC2 applies to the business of the *firm* for the relevant period (for this purpose, the activity groups are defined in accordance with Part 1 of ■ FEES 4 Annex 1AR);

(2)

for each of those activity groups, calculate the amount payable in the way set out in ■ FEES 13.2.4R;

- (3) add the amounts calculated under (2);
- (4) work out whether a minimum *fee* is payable under Part 2 of ■ FEES 7 Annex 1R and if so how much;
- (5) add together the amounts calculated under (3) and (4);
- (6) modify the result as indicated by the tables in ■ FEES 4.2.7ER (Modifications for persons becoming subject to periodic fees during the course of a fee year), ■ FEES 4.2.7FR (Calculating the fee in the firm's first year of authorisation), ■ FEES 4.2.7GR (Calculating fees in the second *fee-year* where the firm received permission between 1 January and 31 March in its first *fee-year*) and ■ FEES 4.2.7HR to ■ FEES 4.2.7KR (Calculating all other fees in the second and subsequent years of authorisation where a full year of tariff data is not available) (if applicable);
- (7) apply any applicable payment charge specified in ■ FEES 4.2.4R (Method of payment) to the amount in (6), provided that:
  - (a) for payment by direct debit, successful collection of the amount due is made at the first attempt by the *FCA*; or
  - (b) for payment by credit transfer, the amount due is received by the *FCA* on or before the due date; and
- (8) make the calculation using information obtained in accordance with ■ FEES 4.4 (Information on which fees are calculated).

**13.2.4** **R** The amount payable by a *firm* with respect to a particular activity group is calculated as follows:

- (1) for a *firm* in activity group CC1, a £5 flat rate is the amount payable by the *firm* with respect to that activity group;
- (2) for a *firm* in activity group CC2:
  - (a) up to and including £250,000 consumer credit income: £10 is the amount payable by the *firm* with respect to that activity group; and
  - (b) over £250,000 consumer credit income: £10 + £0.202 per £ thousand or part £ thousand of consumer credit income; and
- (3) a *firm* in activity group CC2 must calculate its tariff base using the annual income calculation in Part 3 of ■ FEES 4 Annex 1AR and ■ FEES 4 Annex 11BR and the valuation date requirements in Part 5 of ■ FEES 4 Annex 1AR.

**13.2.5** **R** For the purposes of ■ FEES 13.2.4R:

- (1) a *firm* in activity group CC2 may apply the relevant tariff bases and rates to its non-UK business, as well as to its UK business, if:
  - (a) it has reasonable grounds for believing that the costs of identifying the *firm's* UK business separately from its non-UK business in the way described in ■ FEES 4 Annex 11BR are disproportionate to the difference in fees payable; and

- (b) it notifies the *FCA* in writing at the same time as it provides the information concerned under ■ FEES 4.4 (Information on which fees are calculated), or if earlier, at the time it pays the fees concerned; and

(2) for a *firm* which has not complied with ■ FEES 4.4.2R (Information on which fees are calculated) for this period, the *IML levy* is calculated using (where relevant) the valuation or valuations of business applicable to the previous period multiplied by the factor of 1.10.

13.2.6

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FEES 4 rules incorporated into FEES 13 by cross-reference

13.2.7

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The *Handbook* provisions relating to the *IML levy* are meant to follow closely the provisions relating to the payment of the periodic fees in ■ FEES 4.3.1R. In the interests of brevity, not all of these provisions are set out again in ■ FEES 13. In some cases, certain ■ FEES 4 rules are applied to the payment of the *IML levy* by individual rules in ■ FEES 13. The rest are set out in the table in ■ FEES 13.2.9R.

13.2.8

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The rules set out in the table in ■ FEES 13.2.9R and any other rules in ■ FEES 4 included in ■ FEES 13 by cross-reference apply to the *IML levy* in the same way as they apply to periodic fees payable under ■ FEES 4.3.1R.

13.2.9

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Table of rules in ■ FEES 4 that also apply to ■ FEES 13 to the extent that in ■ FEES 4 they apply to fees payable to the *FCA*.

| FEES 4 rules incorporated into FEES 13 |  | Description   |
|--|--|---|
| FEES 4.2.10R                           |  | Extension of time   |
| FEES 4.2.11R (first entry only)        |  | Due date and changes in <i>permission</i> for periodic fees                       |
| FEES 4.3.7R                            |  | Group of <i>firms</i>   |
| FEES 4.3.13R                           |  | <i>Firms</i> applying to cancel or vary <i>per-mission</i> before start of period |
| FEES 4.3.17R                           |  | <i>Firms</i> acquiring businesses from other <i>firms</i>                         |
| FEES 4.4.1R to FEES 4.4.6AR            |  | Information on which fees are calculated  |

13.2.10

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In some cases, a ■ FEES 4 rule incorporated into ■ FEES 13 in the manner set out in ■ FEES 13.2.7G will refer to another rule in ■ FEES 4 that has not been individually incorporated into ■ FEES 13. Such a reference should be read as being to the corresponding provision in ■ FEES 13.

13.2.11

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Table of ■ FEES 4 rules that correspond to ■ FEES 13 rules

| FEES 4 rules  | Corresponding FEES 7 rules |
|---------------|----------------------------|
| FEES 4.2.1R   | FEES 13.2.1R               |
| FEES 4.3.1R   | FEES 13.2.3R               |
| FEES 4.3.3R   | FEES 13.2.3R               |
| FEES 4.3.3AR  | FEES 13.2.3R               |
| FEES 4.3.12R  | FEES 13.2.6R               |
| FEES 4.3.12AR | FEES 13.2.6R               |





Illegal money lending (IML) levy for 2023/24

|                                     |  |                        |
|-------------------------------------|--|------------------------|
| Limited permission (fee-block CC1): | £5 flat rate                           |                        |
| Full authorisation (fee-block CC2): | Up to £250,000 consumer credit income: | £10                    |
|                                     | Over £250,000 consumer credit income:  | £10 + 0.274 per £1,000 |

