Chapter 13

Illegal money lending levy
13.1 Application and purpose

Application

13.1.1 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 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 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 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 FEES 13 sets out the rules referred to in FEES 13.1.4G.

13.1.6 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 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 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.
13.2 The IML levy

Obligation to pay the IML levy

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.

Calculation of the IML levy

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 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 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 [deleted]

FEES 4 rules incorporated into FEES 13 by cross-reference

13.2.7 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 R

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 R

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.

<table>
<thead>
<tr>
<th>FEES 4 rules incorporated into FEES 13</th>
<th>Description</th>
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<tbody>
<tr>
<td>FEES 4.2.4R</td>
<td>Method of payment</td>
</tr>
<tr>
<td>FEES 4.2.10R</td>
<td>Extension of time</td>
</tr>
<tr>
<td>FEES 4.2.11R (first entry only)</td>
<td>Due date and changes in permission for periodic fees</td>
</tr>
<tr>
<td>FEES 4.3.7R</td>
<td>Group of firms</td>
</tr>
<tr>
<td>FEES 4.3.13R</td>
<td>Firms applying to cancel or vary permission before start of period</td>
</tr>
<tr>
<td>FEES 4.3.17R</td>
<td>Firms acquiring businesses from other firms</td>
</tr>
<tr>
<td>FEES 4.4.1R to FEES 4.4.6R</td>
<td>Information on which fees are calculated</td>
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</tbody>
</table>

13.2.10 G

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 G

Table of FEES 4 rules that correspond to FEES 13 rules

<table>
<thead>
<tr>
<th>FEES 4 rules</th>
<th>Corresponding FEES 7 rules</th>
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<tbody>
<tr>
<td>FEES 4.2.1R</td>
<td>FEES 13.2.1R</td>
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<tr>
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<td>FEES 13.2.3R</td>
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<tr>
<td>FEES 4.3.12AR</td>
<td>FEES 13.2.6R</td>
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Illegal money lending (IML) levy for 2020/21

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
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<tr>
<td><strong>Limited permission (fee-block CC1):</strong></td>
<td>£5 flat rate</td>
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<tr>
<td><strong>Full authorisation (fee-block CC2):</strong></td>
<td>Up to £250,000 consumer credit income: £10</td>
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<td>Over £250,000 consumer credit income: £10 + 0.21 per £1,000</td>
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