

**FEES (Illegal money lending levy)**

## 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*.

## 13.2 The IML levy

### Obligation to pay the IML levy

13.2.1 **R** 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.

13.2.2 **R** [deleted]

### Calculation of the IML levy

13.2.3 **R** 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 4.2.6R (Modifications for persons becoming subject to periodic fees during the course of a fee year) and ■ FEES 4.2.7FR (Calculating the fee in the firm's first year of authorisation) (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

13.2.4

**R**

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

- (8) make the calculation using information obtained in accordance with ■ FEES 4.4 (Information on which fees are calculated).
- (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 Annex1AR 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

**R**

The modifications:

- (1) for *incoming EEA firms* and *incoming Treaty firms* which have established *branches* in the UK in Part 3 of ■ FEES 4 Annex 2AR apply; and

(2) for EEA authorised payment institutions, EEA authorised electronic money institutions, and full credit institutions that are EEA firms in Part 7 of ■ FEES 4 Annex 11R apply.

**FEES 4 rules incorporated into FEES 13 by cross-reference**

**13.2.7** **G** 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.

FEES 4 rules incorporated into FEES 13	Description
FEES 4.2.4R	Method of payment
FEES 4.2.7GR to FEES 4.2.7KR	Calculation of periodic fee and tariff base for a firm's second financial year
FEES 4.2.8R	How FEES 4.2.7R applies in relation to an incoming EEA firm or an incoming Treaty firm
FEES 4.2.10R	Extension of time
FEES 4.2.11R (first entry only)	Due date and changes in permission for periodic fees
FEES 4.3.7R	Group of firms
FEES 4.3.13R	Firms applying to cancel or vary permission before start of period
FEES 4.3.17R	Firms acquiring businesses from other firms
FEES 4.4.1R to FEES 4.4.6R	Information on which fees are calculated

**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

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 rules	Corresponding FEES 7 rules
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 2019/20

<b>Limited permission (fee-block CC1):</b>	£5 flat rate	
<b>Full authorisation (fee-block CC2):</b>	Up to £250,000 consumer credit income:	£10
	Over £250,000 consumer credit income:	£10 + 0.195 per £1,000

