

## Chapter 7D

# Temporary Permissions Regime (TPR) – Devolved Authorities levy

7D



7D.1      Application and purpose

Application

7D.1.1      **R**      This chapter applies to every *person* listed in ■ FEES 1.1.2R(8).

Purpose

7D.1.2      **G**      The purpose of this chapter is to set out the requirements on the *persons* listed in ■ FEES 7D.1.1R to fund the Treasury’s costs relating to the provision of debt advice by the *Devolved Authorities*, and the related *FCA* collection costs. For the avoidance of doubt, such *persons* also include *supervised run-off firms*.

Background

7D.1.3      **G**      The Treasury’s debt advice costs are defined in subsection 1 of section 137SB (Rules to recover debt advice expenses incurred by the devolved authorities) of the *Act* as the expenses incurred, or expected to be incurred, by the *Devolved Authorities* in connection with the provision of information and advice on debt to members of the public in Scotland, Wales and Northern Ireland.

7D.1.4      **G**      (1) Section 137SB(1) of the *Act* requires the Treasury to notify the *FCA* of the amount of the debt advice costs.

(2) Section 137SB(2 and 3) of the *Act* requires the *FCA* to make rules requiring *authorised persons, electronic money issuers or payment service providers* to pay specified sums, or sums calculated in a specified way to the *FCA* with a view to recovering:

(a) the amount notified by the Treasury; and

(b) expenses incurred by the *FCA* in connection with its functions under section 137SB of the *Act*.

Regulations 28 and 34 of the EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018 provide that *supervised run-off firms* are treated as having *Part 4A permission* or a *variation* to the *permission*.

7D.1.5      **G**      This chapter contains the *rules* referred to in ■ FEES 7D.1.4G(2).

- 7D.1.6** **G** Under section 137SB(8) of the *Act*, the *FCA* must pay to the Treasury the amounts that it receives under these *rules*, apart from amounts covering its collection costs (which it may keep).
- 7D.1.7** **G** The total amount raised by the *TPR DA levy* may vary from year to year depending on the amount notified to the *FCA* by the Treasury.
- 7D.1.8** **G** These rules were made with the consent of the Treasury pursuant to section 137SB(5) of the *Act*.

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		<div><div></div><div>7D.2The TPR DA levy</div></div>
		<div>Obligation to pay TPR DA levy</div>
7D.2.1	R	<div><div>A <i>firm</i> must pay the <i>TPR DA levy</i> applicable to it:</div><div><div>(1) in full and without deduction by 1 August (or, if later, within 30 days of the date of the invoice) in the <i>financial year</i> to which the sum relates; and</div><div>(2) in accordance with the <i>rules</i> in this chapter.</div></div></div>
7D.2.1A	G	<div><div>Schedule 6A to the <i>Act</i> sets out a procedure to enable the <i>FCA</i> to cancel or vary the <i>Part 4A permission</i> of a <i>person</i> who it appears to the <i>FCA</i> is not carrying on a <i>regulated activity</i>. Paragraph 5 of that schedule sets out a procedure for annulment of cancellation or variation of <i>Part 4A permission</i> in specified circumstances. Where the <i>FCA</i> grants an application for annulment, paragraph 6 of Schedule 6A sets out its effect. In particular, the cancellation or variation of <i>Part 4A permission</i> is treated as if it had never taken place. As a result of the effect of annulment under Schedule 6A, the <i>TPR DA levy</i> in relation to the period during which the <i>person’s Part 4A permission</i> was cancelled or varied applies to the <i>person</i>.</div></div>
7D.2.1B	R	<div><div>Where the <i>FCA</i> grants a <i>person’s</i> application for annulment of a cancellation or variation of <i>Part 4A permission</i> under Schedule 6A to the <i>Act</i> and the <i>person</i> falls within <a href="#">■ FEES 7D.2.1R</a> and the annulment takes effect after 1 August or after the invoice referred to in <a href="#">■ FEES 7D.2.1R(1)</a> has been issued, then the date for payment referred to in <a href="#">■ FEES 7D.2.1R(1)</a> does not apply, but the <i>person</i> must pay the <i>TPR DA levy</i> applicable to it in full and without deduction, on the date on which the annulment takes effect.</div></div>
		<div>Calculation of TPR DA levy</div>
7D.2.2	R	<div><div>The <i>TPR DA levy</i> is calculated as follows:</div><div><div>(1) identify each of the activity groups set out in Part 1 of <a href="#">■ FEES 7D Annex 1R</a> that apply to the business of the <i>firm</i> for the relevant period (for this purpose, the activity groups under <a href="#">■ FEES 7D Annex 1R</a> are defined in that Annex or in accordance with Part 1 of <a href="#">■ FEES 4 Annex 1AR</a>);</div><div>(2) calculate, for each of those activity groups identified in (1), the amount payable in the way set out in <a href="#">■ FEES 7D.2.3R</a>; and</div><div>(3) add each of the amounts calculated under (2).</div></div></div>

- 7D.2.3** **R** The amount payable by a *firm* with respect to a particular activity group is calculated as follows:
- (1) calculate the size of the *firm's* tariff base for that activity group using:
    - (a) the tariff base calculations in Part 2 of ■ FEES 7D Annex 1R (including only business undertaken from a *branch* in the *UK*); and
    - (b) the valuation date requirements in Part 3 of ■ FEES 7D Annex 1R;
  - (2) the amount payable in (1) is the amount payable by the *firm* with respect to that activity group.

- 7D.2.4** **R** For the purposes of ■ FEES 7D.2.3R:
- (1) a *firm* 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 its *UK* business separately from its non-*UK* business in the way described in Part 2 of ■ FEES 7D Annex 1R 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 7D.2.3R(1), or, if earlier, at the time it pays the *TPR DA levy* applicable to it.
  - (2) for a *firm* which has not complied with ■ FEES 4A.2.6R for this period, the *TPR DA levy* is calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by the factor of 1.10.

#### **TPR DA levy commencement**

- 7D.2.5** **R** The *TPR DA levy* under ■ FEES 7D relates to the whole of any *fee year* and is due for payment from the commencement of the *fee year*. Any payment made under ■ FEES 7D.2.1R is not refundable.

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7D.3

FEES 4 rules incorporated into FEES 7D by cross-reference

- 7D.3.1

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The *FCA Handbook* provisions relating to ■ FEES 7D are meant to follow closely the provisions relating to the payment of the periodic fees in ■ FEES 4. In the interests of brevity, not all of these provisions are set out again in ■ FEES 7D. In some cases, certain ■ FEES 4 rules are applied to the payment of the *TPR DA levy* by individual rules in ■ FEES 7D. The rest are set out in the table in ■ FEES 7D.3.3R.
- 7D.3.2

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The rules set out in the table in ■ FEES 7D.3.3R and any other rules in ■ FEES 4 included in ■ FEES 7D by cross-reference apply to the *TPR DA levy* in the same way as they apply to periodic fees payable under ■ FEES 4.
- 7D.3.3

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Table of rules in ■ FEES 4 that also apply to ■ FEES 7D to the extent that in ■ FEES 4 they apply to fees payable to the *FCA*

FEES 4 rules incorporated into FEES 7D	Description
FEES 4.2.10R	Extension of time
FEES 4.3.7R	Groups of firms
FEES 4.3.17R	Firms acquiring businesses from other firms

TPR DA levy for the period from 1 April 2023 to 31 March 2024

This table shows the *TPR DA levy* applicable to each activity group (fee-block).

Part 1

Activity group	A TP firm falls in the activity group if:
A.2 Home finance providers and administrators	It falls under activity group A.2 as defined in Part 1 of FEES 4 Annex 1AR.
CC.3 Consumer credit lending	<p>Its permission is in relation to the following regulated activities:</p> <ul style="list-style-type: none"><li>- <i>entering into a regulated credit agreement as lender</i> (article 60B(1) of the <i>Regulated Activities Order</i>);</li><li>- <i>exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement</i> (article 60B(2) of the <i>Regulated Activities Order</i>);</li></ul> <p>which is carried on by way of business and relates to the following <i>specified investments</i>:</p> <ul style="list-style-type: none"><li>(a) a regulated credit agreement (excluding <i>high-cost short-term credit</i>, a <i>home credit loan agreement</i> and a <i>bill of sale loan agreement</i>);</li><li>(b) <i>high-cost short-term credit</i>;</li><li>(c) a <i>home credit loan agreement</i>;</li><li>(d) a <i>bill of sale loan agreement</i>.</li></ul>

Part 2

Activity group	Tariff base
A.2 Home finance providers and administrators	The sterling value of any residential loans to individuals being the sum of gross unsecuritised and securitised balances (applying the definitions of Unsecuritised balances and Securitised balances set out in Section A: Balance Sheet of SUP 16 Annex 19BG.)
CC.3 Consumer credit lending	<p>Value of lending in column A of <i>data item</i> CCR003 reported by <i>firms</i> under SUP 16 Annex 38AR, being the sum of <i>data elements</i> entered in rows:</p> <ul style="list-style-type: none"><li>- 1 Debt purchasing;</li><li>- 2 Hire purchase/conditional sale agreements;</li><li>- 3 Home credit loan agreements;</li><li>- 4 Bill of sale loan agreements;</li><li>- 5 Pawnbroking;</li><li>- 6 High-cost short-term credit;</li></ul>

Activity group	Tariff base
	- 11 Overdrafts; - 12 Other running-account credit; and - 8 Other lending.

Part 3

This table indicates the valuation date for each fee-block. A *firm* can calculate its tariff data in respect of the *TPR DA levy* payable to the *FCA* by that *firm*.

Activity group	Valuation date
A.2 Home finance providers and administrators	The 31 December before the start of the period to which the fee applies or, if earlier, the date of the valuation as disclosed by the annual return made in the calendar year prior to the 31 December.
CC.3 Consumer credit lending	Value of lending under Part 2 valued at the <i>firm's accounting reference date</i> in the calendar year ending 31 December occurring before the start of the period to which the <i>TPR DA levy</i> applies.

Part 4

This table shows the tariff rates applicable to each of the fee-blocks set out in Part 1.

Activity group	TPR DA levy payable	
A.2 Home finance providers and administrators	Band width (£ million of secured debt)	Fee (£/£m or part £m of secured debt)
	>0	3.75
CC.3 Consumer credit lending	Band width (£ million of value of lending)	Fee (£/£m or part £m of value of lending)
	>0 (Note 1)	23.96
Note		
(1) <i>Credit unions</i> and <i>community finance organisations</i> do not pay any <i>TPR DA levy</i> payable on the first £2,000,000 of value of lending.		