

# Chapter 7B

## The DA levy

## 7B.1 Application and Purpose

### Application

**7B.1.1** **R** This chapter applies to every *person* listed in ■ FEES 1.1.2R(5).

### Purpose

**7B.1.2** **G** The purpose of this chapter is to set out the requirements on the *persons* listed in ■ FEES 7B.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.

### Background

**7B.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.

**7B.1.4** **G**

- (1) Under section 137SB(1) of the *Act*, the Treasury may notify the *FCA* of the amount of the debt advice costs.
- (2) Sections 137SB(2) and (3) of the *Act* require 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*.

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

**7B.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).

**7B.1.7** **G** The total amount raised by the *DA levy* may vary from year to year depending on the amount notified to the *FCA* by the Treasury.

7B.1.8 **G** These *rules* were made with the consent of the Treasury pursuant to section 137SB(5) of the *Act*.

**Exemption**

7B.1.9 **R** A *firm* is not liable to pay a *DA levy* in relation to *payment services* or *electronic money issuance* if it is the Bank of England, a government department, a local authority, a municipal bank or the National Savings Bank.

## 7B.2 The DA levy

### Obligation to pay DA levy

7B.2.1

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A *firm* must pay the *DA levy* applicable to it:

- (1) in full and without deduction (unless permitted or required by a provision in *FEES*); and
- (2) by 1 August or, if later, within 30 days of the date of the invoice in the *fee year* to which that sum relates.

### Calculation of DA levy

7B.2.2

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The *DA levy* is calculated as follows:

- (1) identify each of the activity groups set out in Part 1 of ■ FEES 7B Annex 1R that apply to the business of the *firm* for the relevant period (for this purpose, the activity groups under ■ FEES 7B Annex 1R are defined in that Annex or 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 7B.2.3R;
- (3) add each of the amounts calculated under (2);
- (4) modify the result as indicated by the table in ■ FEES 4.2.7ER, ■ FEES 4.2.7FR, ■ FEES 4.2.7GR, ■ FEES 4.2.7HR, ■ FEES 4.2.7IR, ■ FEES 4.2.7JG and ■ FEES 4.2.7KR (if applicable);
- (5) apply any applicable payment charge specified in ■ FEES 4.2.4R to the amount in (4), 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
- (6) make the calculations using information obtained in accordance with Part 3 of ■ FEES 7B Annex 1R in the case of Part 2 of that Annex.

7B.2.3

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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 7B Annex 1R; and
  - (b) the valuation date requirements in Part 3 of ■ FEES 7B Annex 1R;
- (2) the amount payable in (1) is the amount payable by the *firm* with respect to that activity group.

**7B.2.4** **R** For the purposes of ■ FEES 7B.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 the *firm's* UK business separately from its non-UK business in the way described in Part 2 of ■ FEES 7B 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 4.4 (Information on which fees are calculated), or, if earlier, at the time it pays the fees concerned;
- (2) for a *firm* which has not complied with ■ FEES 4.4.2R (information on which fees are calculated) or ■ FEES 4.4.8D (Information relating to payment services and the issuance of electronic money) for this period, the *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.

**FEES 4 rules incorporated into FEES 7B by cross-reference**.....

**7B.2.5** **G** The *FCA Handbook* provisions relating to the *DA levy* are meant to follow closely the provisions relating to the payment of periodic fees under ■ FEES 4.3.1R. In the interests of brevity, not all of these provisions are set out again in ■ FEES 7B. In some cases, certain ■ FEES 4 rules are applied to the payment of the *DA levy* by individual rules in ■ FEES 7B. The rest are set out in the table in ■ FEES 7B.2.7R.

**7B.2.6** **R** The rules set out in the table in ■ FEES 7B.2.7R, and any other rules in ■ FEES 4 included in ■ FEES 7B by cross-reference, apply to the *DA levy* in the same way as they apply to periodic fees payable under ■ FEES 4.3.1R.

**7B.2.7** **R** Table of rules in ■ FEES 4 that also apply to ■ FEES 7B to the extent that in ■ FEES 4 they apply to fees payable to the *FCA*

FEES 4 rules incorporated into FEES 7B	Description
FEES 4.2.4R	Method of payment
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 <i>firm's</i> first year of <i>authorisation</i>

FEES 4 rules incorporated into FEES 7B	Description
FEES 4.2.7GR	Calculating fees in the second fee year where the <i>firm</i> received <i>permission</i> between 1 January and 31 March in its first fee year
FEES 4.2.7HR to FEES 4.2.7KR	Calculating all other fees in the second and subsequent years of <i>authorisation</i> where a full year of tariff data is not available
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	Groups of <i>firms</i>
FEES 4.3.13R	<i>Firms</i> applying to cancel or vary <i>permission</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 4.4.6R	Information on which fees are calculated

**7B.2.8** D ■ FEES 4.4.7D to ■ FEES 4.4.9D (Information relating to payment services and the issuance of electronic money) also apply to ■ FEES 7B.

**7B.2.9** G References in a ■ FEES 4 rule incorporated into ■ FEES 7B by cross-reference to a periodic fee should be read as being to the *DA levy*. References in a ■ FEES 4 rule incorporated into ■ FEES 7B to *market operators, service companies, MTF operators, investment exchanges, or designated professional bodies* should be disregarded.

**7B.2.10** G In some cases, a ■ FEES 4 rule incorporated into ■ FEES 7B in the manner set out in ■ FEES 7B.2.5G will refer to another *rule* in ■ FEES 4 that has not been individually incorporated into ■ FEES 7B. Such a reference should be read as being to the corresponding provision in ■ FEES 7B. The main examples are set out in ■ FEES 7B.2.11G.

**7B.2.11** G Table of ■ FEES 4 rules that correspond to ■ FEES 7B rules

FEES 4 rules	Corresponding FEES 7B rules
FEES 4.2.1R	FEES 7B.2.1R
FEES 4.3.1R	FEES 7B.2.2R
FEES 4.3.3R	FEES 7B.2.2R
FEES 4.3.3AR	FEES 7B.2.2R

## DA levy for the period from 1 April 2019 to 31 March 2020

### Part 1

This table shows how the *FCA* links the *regulated activities* for which a *firm* has permission to activity groups (fee-blocks). A *firm* can use the table to identify which fee-blocks it falls into based on its *permission* for the purposes of the *DA levy* applicable to each activity group (fee-block).

Activity group	DA levy payer 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 <i>permission</i> is in relation to the following regulated activities:</p> <ul style="list-style-type: none"> <li>-entering into a regulated credit agreement as lender (article 60B(1) of the <i>Regulated Activities Order</i>);</li> <li>-exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement (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 specified investments:</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

This table indicates the tariff base for each fee-block set out in Part 1. The tariff base in this Part is the means by which the *FCA* measures the amount of business conducted by a *firm* for the purposes of calculating the *DA levy* payable to the *FCA* by that *firm*.

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>

- 11 Overdrafts;
- 12 Other running-account credit; and
- 8 Other lending.

**Note:** The tariff base for *authorised professional firms* that do not submit *data item* CCR003 under SUP 16 Annex 38AR is the same as set out above and should be reported to the FCA as required by FEES 4.4.1R and FEES 4.4.2R. The valuation date is in accordance with the CC.3 valuation date in Part 3.

#### Part 3

This table indicates the valuation date for each fee-block. A *firm* can calculate its tariff data in respect of the *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>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	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	2.794
CC.3 Consumer credit lending	Band width (£million of value of lending)	Fee (£/£m or part £m of value of lending)
	>0 (Note 1)	15.18

**Note:** *Credit unions* and *community finance organisations* do not pay any *DA levy* on the first £2,000,000 of value of lending.