

Levy Proposals 2021-23



Levy Proposals 2021-23 rationale

Two options were approved by the Board:*

Maintain as 2018-20: Rates and thresholds remain the same

- Period of continuity after three Levy Orders with significant changes
- No employers impacted (negatively or positively)
- Industry is more interested in what CITB is doing with the Levy rather than how it is calculated.

Increase the Levy Exemption Threshold to £100k

- Threshold hasn't been increased for over 10 years
- Low impact and benefits current smallest Levy paying employers.
- No employer would be financially worse off

**subject to no significant changes to Strategic Plan requirements*



The Levy Working Party (LWP)

The LWP is a committee of:

- Employers (mostly Nation Councils members)
- An independent tax expert
- Two Board members.

The LWP met several times between May and October 2019, reviewed and analysed numerous scenarios and options on the Levy Proposals before coming to their final recommendations.

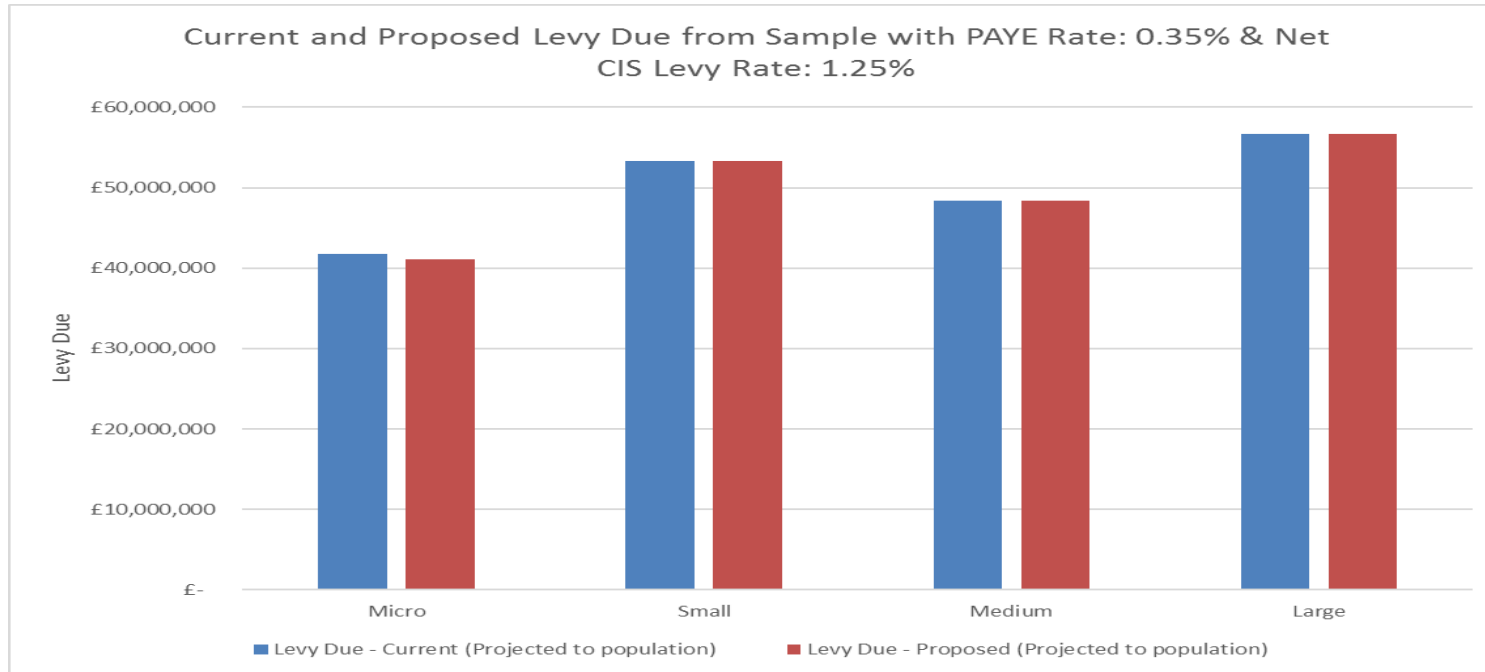
These recommendations were ratified by the Nation Councils before being submitted to the Board.

Principles used by the LWP to assess Levy Proposals options

1. The option meets the requirements for Levy Proposals set out in the ITA
2. The option should deliver the required Levy to support the Future Funding Approach
3. The option should not add complexity to the calculation or the Levy Order
4. The % of employers impacted by the option (+ or -) is no more than 10%
5. No individual employer is impacted (+ or -) by more than 10%
6. The Levy payable by any employer size group does not alter by more than 10%
7. Limited change to Levy distribution between contributing groups (Micro, SME & Large)
8. The option should not incur more than minimal costs to update CITB systems
9. The option should have potential for positive reputational impact.

Levy due based on increased Exemption threshold of £100k

This and the following slide demonstrate the impact of increasing the exemption threshold from £80k to £100; that is very little impact on the amount of Levy collected (very marginal reduction on the micro employers contribution)...



% of Levy payers based on increased exemption of £100k

...but a more noticeable change in the percentage of employers benefiting from the exemption threshold. This equates to approximately the 1,500 current smallest Levy paying employers. These charts are all based on a sample of approx. 30,000 2019 Levy Return.

