



HM Revenue  
& Customs

## Bank levy: rate change

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### Who is likely to be affected?

UK banks, banking groups and building societies, foreign banking groups operating in the UK through permanent establishments or subsidiaries, and UK banks and banking sub-groups in non-banking groups.

### General description of the measure

This measure increases the rate of the bank levy to 0.21% from 1 April 2015. A proportionate increase to 0.105% will be made to the half rate, also with effect from 1 April 2015.

### Policy objective

The government has always been clear that the banking sector should make a contribution which reflects the risks they pose to the financial system and the wider economy. This contribution must be balanced against financial stability and banks' ability to lend to the real economy. As banks are now strengthening their balance sheets, improving their capital ratios and returning to profitability, these changes will help to ensure that the banking sector continues to make a fair contribution through the bank levy.

### Background to the measure

The government announced the introduction of the bank levy at Budget 2010 to commence for chargeable periods ending on or after 1 January 2011.

## Detailed proposal

### Operative date

The new rates of bank levy will apply on and after 1 April 2015.

### Current law

The bank levy rates are set out in paragraphs 6 and 7 of Schedule 19 to the Finance Act (FA) 2011 as amended by section 211 of FA 2011, paragraphs 1 to 7 of Schedule 34 to FA 2012, section 202 of FA 2013 and section 119 of FA 2014.

### Proposed revisions

Legislation will be introduced in Finance Bill 2015 to amend paragraphs 6 and 7 of Schedule 19 to FA 2011. For periods falling wholly or partly after 1 April 2015 the rate applying to chargeable equity and long term chargeable liabilities will be increased from 0.078% to 0.105% and the rate for short term chargeable liabilities will be increased from 0.156% to 0.21%.

## Summary of impacts

Exchequer impact (£m)	2015-16	2016-17	2017-18	2018-19	2019-20
	+685	+925	+925	+920	+920
	These figures are set out in Table 2.1 of Budget 2015 and have been certified by the Office for Budget Responsibility. More details can be found in the policy costings document published alongside Budget 2015.				
<b>Economic impact</b>	This measure is not expected to have any significant economic impacts.				
<b>Impact on individuals, households and families</b>	The measure is not expected to impact on family formation, stability or breakdown.				
<b>Equalities impacts</b>	The measure is not expected to have a direct or disproportionate impact on any of the protected equality groups.				
<b>Impact on business including civil society organisations</b>	<p>This measure is expected to have a negligible impact on businesses and civil society organisations.</p> <p>The bank levy currently affects in the region of 30 banking groups and building societies. A change in the rate is expected to cause a negligible difference in terms of additional administrative and compliance costs.</p>				
<b>Operational impact (£m) (HMRC or other)</b>	There will be no significant impacts.				
<b>Other impacts</b>	<p><u>Competition assessment</u>: the scope of the bank levy has been specifically designed to ensure a level playing field for all those affected by it in the UK.</p> <p><u>Small and micro-business assessment</u>: the banks, building societies and banking groups affected by the bank levy are not considered to be small firms, as only institutions with over £20 billion of chargeable liabilities are liable to pay the bank levy.</p> <p>Other impacts have been considered and none have been identified.</p>				

## Monitoring and evaluation

Receipts from the bank levy are being monitored on an ongoing basis.

## Further advice

If you have any questions about this change, please contact Anthony Fawcett on 03000 585911 (email: [anthony.c.fawcett@hmrc.gsi.gov.uk](mailto:anthony.c.fawcett@hmrc.gsi.gov.uk)) or Hayley Moran on 03000 514795 (email: [hayley.moran@hmrc.gsi.gov.uk](mailto:hayley.moran@hmrc.gsi.gov.uk)).