

# Levy Proposals 2022-25 – Recommendation, rationale and benefits

Consulting on the Levy Proposals



# Levy Proposals 2022-25 - rationale and benefits



**In making their proposals, the Levy Strategy Committee (LSC) considered:**

- Providing a level of stability, continuity and simplicity for employers
- Fair distribution of Levy payments - to avoid creating significant winners and losers or redistributing Levy payment levels between groups of employers such as size or occupations
- Only making changes if there was strong evidence that change was required
- That employers will be paying Levy at half rates in 2021 and that moving from this reduced Levy in 2021 to anything higher than the pre-COVID Levy rates in 2022 would be difficult for employers to accept
- Following the reduced Levy in 2021, getting CITB back to a position where it can support industry fully again as quickly as possible, but without putting extra burden on Levy payers
- Their support for a Fundamental Review of Levy over the next couple of years. This could result in changes to Levy in 2025 that would make the system more efficient and future proofed. The LSC was keen not to hinder or pre-empt the outputs from this review.

# Levy Proposals 2022-25 - recommendation

The Levy Strategy Committee (LSC) has only recommended one set of Levy Proposals for wider industry consultation in 2021.

The Proposals are:

- To return to pre-COVID Levy rates assessed in 2018 - 2020:
  - PAYE: 0.35%
  - Net paid (Taxable) CIS Sub-contractors: 1.25%.
- To retain the Levy Exemption and Reduction Thresholds included in the Proposals for the 2021 Levy Order:
  - Levy Exemption for employers with a wage bill below £120,000
  - A 50% Reduction in Levy for employers with a wage bill of £120,000 or more, but below £400,000.

# Levy Proposals 2022-25 - at a glance



The CITB Board has approved the proposals to return to pre-COVID rates for the Levy that will be assessed in 2022-25:

## Recommended route for Levy 2022-25: Return to pre-COVID Levy rates & retention of the current Levy Exemption and Reduction Thresholds

**0.35% on PAYE staff**

**1.25% on Net paid (taxable) CIS sub-contractors**

**Total wage bill:**

**£0 - £119,999**

**Exempt from paying Levy**

**£120,000 - £399,999**

**50% reduction on your Levy**