**Economic Crime Levy Consultation Response Document**

**Responding to the consultation**

The government recognises that the economic crime levy is novel, both in approach and motivation, and is therefore committed to working with stakeholders to ensure it operates as intended.

The government would welcome comments on this consultation by 13 October 2020. However, we would encourage responses before this date where possible.

Responses can be sent by email to: ECLevyconsultation@hmtreasury.gov.uk

As the team is currently working from home due to the Covid-19 pandemic, we would request – where possible – responses are sent electronically. However, if needed, responses can be sent by post to:

EC Levy Consultation

Sanctions & Illicit Finance Team

HM Treasury

1 Horse Guards Road

London

SW1A 2HQ

For the full consultation disclosure notice please refer to Chapter 8 of the consultation document itself.

**Basic Information**

|  |  |
| --- | --- |
| **About you** |  |
| **What is your name?** | Click or tap here to enter text.  |
| **What is your email address?** | Click or tap here to enter text. |
| **If applicable, what is the name of your organisation?** | Click or tap here to enter text. |
| **What size is your organisation for the purpose of the Companies Act 2006?** (see: [definitions](https://www.gov.uk/government/publications/life-of-a-company-annual-requirements/life-of-a-company-part-1-accounts#:~:text=12.1%20Conditions%20to%20qualify%20as%20a%20medium%2Dsized%20company&text=annual%20turnover%20must%20be%20no,be%20no%20more%20than%20250.) ) | [ ]  Large[ ]  Medium[ ]  Small[ ]  Micro[ ]  N/A |
| **If applicable, what type of AML-regulated business is your organisation?** (see: [MLR definitions](http://www.legislation.gov.uk/uksi/2017/692/regulation/8)) | [ ]  credit institution;[ ]  financial institution;[ ]  auditor, insolvency practitioner, external accountant and tax adviser;[ ]  independent legal professional;[ ]  trust or company service provider;[ ]  estate agents and letting agent;[ ]  high value dealer;[ ]  casino;[ ]  art market participant;[ ]  cryptoasset exchange provider;[ ]  custodian wallet provider |
| **If your organisation is not an AML-regulated business, in what capacity is it responding to this consultation? (for example: as a civil society organisation, other type of business etc) \_**  | Click or tap here to enter text. |
| **If applicable, who is your AML-supervisor?** | Click or tap here to enter text. |
| **For the purposes of the call for evidence on the fraud response, to what sector(s) does your organisation most closely belong?** | Click or tap here to enter text. |
| **Would you like your response to be confidential and, if so, why?** | Click or tap here to enter text. |

**Consultation Responses**

Levy Principles

**Question 1:** Do you agree with the design principles as set out above? Should the government consider any further criteria?

Click or tap here to enter text.

Spending the levy funds

**Question 2:** What do you believe the levy should fund? Are there any other activities the levy should fund in its first five years?

Click or tap here to enter text.

**Question 3:** Do you agree with the government’s approach to publish a report on an annual basis? What do you think this report should cover other than how the levy has been spent?

Click or tap here to enter text.

**Question 4**: What are your views on what the proposed levy review should consider and when it should take place?

Click or tap here to enter text.

Levy calculation

**Question 5:** Do you agree with our proposal that revenue from UK business should form the basis of the levy calculation? Please explain your reasoning.

Click or tap here to enter text.

**Question 6:** Are there any sectors that would be disproportionately impacted if revenue is used as a metric, or where revenue would be disproportionate to level of risk?

Click or tap here to enter text.

**Question 7:** Do you believe other levy bases would provide a better basis for the levy calculation? These could be the ones outlined in Table 4.A or those not considered in the consultation document.

Click or tap here to enter text.

**Question 8**: Should a fixed percentage or banded approach be taken to utilising revenue as a metric? Please explain your reasoning.

Click or tap here to enter text.

**Question 9:** What are your views on the principle of exempting small businesses from paying the levy, and on the level of a potential threshold?

Click or tap here to enter text.

**Question 10:** What are your views on having businesses below the threshold subject to a small flat fee?

Click or tap here to enter text.

**Question 11:** Do you believe the small business threshold should be determined by reference to revenue alone or to all three of the Companies Act 2006 criteria? Please explain your reasoning.

Click or tap here to enter text.

**Question 12:** For businesses not exempted by a threshold, how should their revenue below the level the threshold is set at be treated – as an allowance, levied at the same level as the main levy rate, or levied through a fixed amount?

Click or tap here to enter text.

**Question 13:** How do you think money laundering risk should be accounted for in the levy calculation?

Click or tap here to enter text.

**Question 14:** Do you believe using number of SARs reported as a metric through a banded approach would be an appropriate means of achieving this objective? Please explain your reasoning.

Click or tap here to enter text.

Applying the levy calculation

**Question 15:** Do you believe there should be a periodic or annual process for setting the levy rate? If periodic, what would an appropriate period be?

Click or tap here to enter text.

**Question 16:** Would you prefer to calculate the levy based on total revenue or revenue from AML-regulated activity only? Please explain why.

Click or tap here to enter text.

**Question 17:** If applicable, what is your initial estimate of the proportion of your UK business which is AML-regulated (in revenue terms)? How many labour hours would initially be required to enable your business to robustly calculate the proportion of regulated business on an ongoing basis?

Click or tap here to enter text.

**Question 18:** Which is your preferred option for defining revenue?

Click or tap here to enter text.

**Question 19:** Do you agree the levy should be based on UK revenue only? How easy would it be to split out your UK revenue from your total global revenue?

Click or tap here to enter text.

**Question 20:** Do you think it would more appropriate to use total income or net operating income as a metric for calculating levy liability for deposit-taking institutions, and if so, which metric would be the most appropriate?

Click or tap here to enter text.

**Question 21:** Do you agree that the reference period for the levy calculation should be a business’s accounting period? Please explain your reasoning.

Click or tap here to enter text.

**Question 22:** Do you agree that the levy should apply to activity carried out from the date from which the activity is regulated? Please explain your reasoning.

Click or tap here to enter text.

**Question 23:** Do you believe levy liability should be calculated and invoiced at entity or group level? Please explain your reasoning.

Click or tap here to enter text.

**Question 24:** Do you agree limited partnerships should pay the levy at partnership level? Do you have any other views on how partnerships should be treated for the purposes of the economic crime levy?

Click or tap here to enter text.

Collecting the levy

**Question 25:** Do you think the agency should issue a notice to file or that businesses should be required to submit a return proactively? Please explain your reasoning.

Click or tap here to enter text.

**Question 26:** Do you think all businesses should report their levy liability to the agency? If not, do you think small businesses should report a nil declaration or nothing at all?

Click or tap here to enter text.

**Question 27:** Do you agree with the proposed approach for calculating the levy rate, invoicing, and payment of the levy? If not, please explain why.

Click or tap here to enter text.

**Question 28:** What are your views on the proposed compliance framework in a single agency model?

Click or tap here to enter text.

**Question 29:** Do you agree that supervisors should be able to determine the frequency of reporting and payment, provided they transfer levy payments to the government a maximum of a year after the end of a business’ accounting period?

Click or tap here to enter text.

**Question 30:** What are your views on the supervisor carrying out compliance activity as set out above?

Click or tap here to enter text.

**Question 31:** Which model do you prefer? Please explain why. Do you have suggestions for any other models that could be used?

Click or tap here to enter text.

**Question 32:** If you are a supervisor, what do you estimate your costs would be in each model?

Click or tap here to enter text.

Funding for fraud

**Question 33:** How much did your organisation spend on countering fraud in 2019? What are these funds spent on, in high level terms?

Click or tap here to enter text.

**Question 34:** What additional financial contribution should the private sector contribute towards improving fraud outcomes?

Click or tap here to enter text.

**Question 35:** Which sectors do you think should be involved in countering the system-wide fraud risk? Please explain your rationale – for example whether you believe that those included should be included based on benefit, or risk?

Click or tap here to enter text.

**Question 36:** What mechanism would you recommend in order to collect additional funding?

Click or tap here to enter text.

Other

**Question 37:** Is there anything you have not already included in your response that you would like us to note?

Click or tap here to enter text.