

FB 2021-22 – Economic crime levy

Lecture P1294 – 7.28 minutes

This is introduced by Clauses 53 – 66.

A new tax called the economic crime (anti-money laundering) levy (ECL) will be charged and collected by HMRC (unless the person is supervised by the Financial Conduct Authority or the Gambling Commission in which case they will collect the ECL).

The aim is to raise around £100m per annum to help fund anti-money laundering and economic crime reforms. Any entity which is subject to Money Laundering regulations (such as credit institutions, financial institutions, auditors, insolvency practitioners, accountants, tax advisers, legal professionals, estate agents, trust or company service providers, high value dealers, casinos) will be impacted but it will not apply to small entities (being those with UK revenue of up to £10.2m).

There will be three charging bands: medium (revenue of over £10.2m to £36m), large (revenue of over £36m to £1bn) and very large (revenue over £1bn). A flat rate charge will apply in each band. The fees as fixed are:

- Medium: £10,000
- Large: £36,000
- Very large: £250,000

These figures are reduced proportionately if the person is carrying on regulated business for only part of the financial year. The payment is not deductible for the purposes of calculating profits and losses for income tax or corporation tax payments.

The test is applied in relation to the relevant accounting period which is the person's accounting period which ends in the financial year, with specific provisions where there is more than one accounting period or no accounting period which ends in the financial year. The default if no accounting period can be determined will be the profits arising in the actual financial year.

The UK revenues are:

- For a UK resident person, all of their revenue other than amounts attributable to the activities of a permanent establishment outside the UK; and
- For a non-UK resident person, all of their revenue attributable to the activities of a UK permanent establishment plus
- Any amounts not included in the above which are liable to a charge to remote gaming duty

Regulations will be made in due course about assessment, payment, collection and recovery of the ECL. Schedule 36 FA2008 information powers are extended to cover the ECL.

Partnerships will be treated as a person liable to pay the levy as opposed to the individual partners although they have joint and several liability for the ECL.

It will be first charged for the year from 1 April 2023 to 31 March 2024, but not collected until after the year end.