

Section Five – Levies 2016/17

The FRC's funding requirement for 2016/17 is £34.6m, of which £16.7m will come from our three levies: a preparers levy that applies to the preparers of accounts; an insurance levy that applies to life and general insurance companies; and a pension levy that applies to pension schemes with 1,000 or more members.

Preparers levy

The preparers levy is the annual levy that we charge to:

- Companies listed on the London Stock Exchange with a Premium or Standard listing.
- UK companies traded on AIM and listed on ISDX (previously known as PLUS) Market group.
- Large private entities with a turnover of £500m or more.
- Global Depository Receipts issuers.
- Government Departments, local authorities and other public sector organisations.

The amounts payable under the preparers levy are determined through a minimum levy and further amounts for organisations above a certain size, with the rate per £m declining in five levy bands, aligned with the FCA levy arrangements.

The total amount of the preparers levy for 2016/17 will be:

	Budget 2015/16	Budget 2016/17
	£m	£m
Preparers levy	12.1	14.1
UK contribution to the funding of the IASB*	0.9	0.9
Total preparers levy	13.0	15.0

**International Accounting Standards Board*

We will increase the minimum fee and the rates for levy bands one and two for listed and other companies with a market capitalisation/turnover of less than £1bn by 2%; and increase the levy rates for bands three, four and five by 20%. The amounts finally charged to individual levy payers will be affected by changes in their market capitalisation (for listed companies), turnover (for other companies) or annual expenditure (for public sector organisations).

On the basis of the latest data on levy populations we expect that overall receipts in 2016/17 will be £15.0m – compared to the £14.5m we estimated in the levy proposals we published in December

2015.

The following preparers levy rates will be applied:

	Organisation size per £m*	2016/17 Preparers levy rate	2015/16 Preparers levy rate
Minimum fee	Up to 100m	£1,044	£1,024
Band		Per £m*	Per £m*
1	100m - 250m	£10.23	£10.03
2	250m - 1,000m	£7.80	£7.65
3	1,000m - 5,000m	£7.07	£5.70
4	5,000m - 25,000m	£0.1151	£0.0959
5	> 25,000m	£0.0218	£0.0182

**determined by market capitalisation for listed companies; and turnover or annual expenditure for other entities*

Discounts: Main market companies with a Premium listing pay the full levy; companies with a Standard listing receive a 20% discount. UK AIM traded and ISDX listed companies receive a 50% discount. Private entities with a turnover of more than £500m receive a 50% discount. Public sector organisations receive a 75% discount. The following table gives examples of the levy that will be charged to different types of entity:

Organisation	2015/16 levy	Proposed 2016/17 levy	% increase
UK AIM company with £100m market cap	£512	£522	2%
Private company with £750m turnover	£3,177	£3,299	4%
Premium listed company: £100bn market cap	£34,349	£40,646	18%

Global Depositary Receipt issuers will pay the same levy as in 2015/16: £3,450 for companies that have designated the UK as their home competent authority and £2,750 for other issuers. The FCA's Home Competent Authority list is available at <http://www.fsa.gov.uk/ukla/hcaList.do>.

Insurance levy for 2016/17

The insurance levy will be allocated to insurance companies in the same proportion as the FCA regulatory fees and charged to insurance companies on the same invoice as the FCA fees. Based on the FCA regulatory fees and levy proposals published in April 2016 we will set a levy equivalent to 1.1% of the fees charged by the FCA and PRA for their fee blocks A3 (insurers – general) and A4 (insurers - life) - rather than 1.0% as we estimated in our Draft Plan & Budget and Levy Proposals 2016/17.

Pension levy for 2016/17

We will charge a pension levy rate of £2.95 per 100 members and will apply this on the basis of the latest data on scheme membership held by The Pensions Regulator.

Contact Details

Policy and Planning Officer
Financial Reporting Council
8th Floor
125 London Wall
London
EC2Y 5AS

For general information about the FRC, please visit our website at: www.frc.org.uk