

FINANCE ACT 2014

EXPLANATORY NOTES

INTRODUCTION

Section 119: Bank Levy: Rates from 1 January 2014

Summary

1. This section amends the rate at which the bank levy is charged from 1 January 2014 onwards.

Details of the Section

2. Subsection (2) increases the bank levy rates from 1 January 2014.
3. Subsection (3) introduces into the table of rates at paragraph 7(2), Schedule 19 to Finance Act 2013 the new bank levy rates for the period 1 January 2014 onwards.
4. Subsection (4) removes section 203 of FA 2013 which contained the previous rates applicable from 1 January 2014 (old rates).
5. Subsection (5) provides that the new rate changes made by subsections (2) to (4) are treated as having come into force on 1 January 2014. As a consequence of this, section 203 of FA 2013 is treated as never having come into force.
6. Subsections (6) to (12) provide transitional provisions for collecting the additional amounts of bank levy that arise from the introduction of the new rates. Where an instalment payment in respect of a chargeable period ending on or after 1 January 2014 is due before the date of Royal Assent of Finance Act 2014 (17 July 2014), the first instalment for the same chargeable period due after Royal Assent is increased by the adjustment amount. The adjustment amount is the difference between what was actually paid in the pre-Royal Assent instalment and what would have been due if the post Royal Assent rates had been applied. If there is no instalment for the same chargeable period due after Royal Assent then a further instalment, equal to the adjustment amount, becomes due 30 days after Royal Assent.
7. Subsection (13) provides definitions of terms used in this section.

Background Note

8. The bank levy is an annual balance sheet charge based upon the chargeable equities and liabilities of all UK banks and building society groups, foreign banks and banking groups operating in the UK and UK banks in non-banking groups from 1 January 2011 onwards.
9. Bank levy is treated as if it is corporation tax, and the relevant entity or, in the case of a banking group, the “the responsible member” (see paragraph 54, Schedule 19) is required to both make a return of the bank levy (as part of its company tax return) and to pay the bank levy.

*These notes refer to the Finance Act 2014 (c.26)
which received Royal Assent on 17 July 2014*

10. Entities that pay the bank levy are required to do so under the provisions of [The Corporation Tax \(Instalment Payments\) Regulations 1998 \(S.I. 1998/3175\)](#).