
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision requiring certain trade unions and employers' associations (relevant organisations) to pay an annual levy to the Certification Officer in respect of each financial year.

These Regulations establish which relevant organisations will be required to pay a levy in respect of each financial year, setting out the mechanisms for determining the amount of the levy (regulations 3 to 5) and requiring payment (regulation 7). Relevant organisations will qualify to be subject to a levy for a financial year if they existed at the beginning of the preceding financial year.

In determining the amounts of levy in respect of each financial year, the Certification Officer must act in accordance with the principles and calculations set out in regulations 3 to 5, and in particular—

- the Certification Officer must aim to ensure that the total amount levied over any period of three financial years should not exceed the total amount of the Certification Officer's relevant expenses (as specified in regulation 4) over that period;
- the amount of levy to be paid by a qualifying relevant organisation may include any or all of a basic levy (regulation 5(9)), a categorised additional levy (regulation 5(10)) and an enhanced levy (regulation 5(15));
- the total amounts of any basic levy and any categorised additional levy must broadly reflect the total amount of relevant expenses that the Certification Officer considers are referable to functions exercised, or to be exercised, in relation to the respective categories of relevant organisation (regulations 5(5) and (6));
- any enhanced levy results from the total levy shortfall being divided and allocated equally between all qualifying relevant organisations as specified at regulation 5(14); and
- no relevant organisation will be required to pay an annual levy that is more than 2.5 per cent of their annual income (regulation 5(11), (12) and (14)(c)) and qualifying relevant organisations with a relatively higher income are to pay a higher amount (regulation 5(14)).

Regulation 8 provides for any unpaid amount of the levy due to be recoverable by the Certification Officer as a debt.

An impact assessment of the effect that this instrument will have on the costs of business and the voluntary sector is available from the Labour Market Directorate, Department for Business, Energy and Industrial Strategy, 1 Victoria Street, London SW1H 0ET, and is annexed to the Explanatory Memorandum which is available alongside the instrument on www.legislation.gov.uk.