

Update to Consensus Federations – CITB Research to simplify the Levy

The Levy Working Party (a group of employer representatives) and the sector's main trade associations have been researching ways to make completing the annual Levy Return simpler for employers. This has focused mainly on identifying alternatives to asking employers to give CITB information about their Labour-only sub-contractors (LOSC), which, despite changes made in the 2012 Levy Order, some still find complex and time consuming.

The research is based on four principles

- Any new system should be simpler to understand, and the Levy Return simpler to complete
- Any new system should not set out to increase Levy income
- Most employers should pay roughly the same amount of Levy as they would under the present system
- Any proposals to change the basis of Levy must be endorsed by industry

Attention is focussing on using data about payments to sub-contractors declared through HMRC's Construction Industry Scheme (CIS) on the CIS300 Return. This is data employers already have to provide (so involves no extra work) and is easily extracted.

CITB has worked with researchers from the University of Dundee to develop a model that can test options being considered against data provided by a representative sample of employers. This will allow CITB to understand the effect of any changes to the Levy on employers compared to their current liability.

The Levy Working Party will review the findings in April and early June, before consulting again with the Consensus Federations in late June.

For the model to operate properly it needs a good supply of CIS data from a cross section of employers on the CITB register. To help with this, CITB needs more employers to provide them with some CIS payment information. Employers that have not already contributed to this research and especially those with 50 or fewer employees are strongly encouraged to support this research by completing the attached document and returning it to CITB by one of the methods described.

In the second half of this year, once the research has been completed, CITB will be consulting more widely with employers on the options to simplify the Levy, and your federation will also be involved at this stage.

You can be reassured that any changes to Levy arrangements can only be made with the consent of the sector, and we will only proceed if we are confident that we have support from across the sector.

If you have already supplied your CIS data to CITB, thank for taking the time to do this and for supporting this research. CITB will be in touch later in the year to give you the chance to be further involved in consultation.