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# WHAT IS **THE CITB LEVY** FOR CONSTRUCTION INDUSTRY?

## A GUIDE FOR CONSTRUCTION INDUSTRY ORGANISATIONS

The levy applies to all employers 'engaged wholly or mainly in construction industry activities'. In other words, when construction activities take up more than half of your total employees' time (including subcontractors).



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The CITB Levy is an annual payment made by employers/contractors to support reinvestment into the construction industry. It allows companies to access grants to support the delivery of apprenticeships or improving the skills of its existing workforce.

Any company that is registered with the CITB must pay the levy, so long as the total amount they pay their employees and subcontractors is greater than £80k.

The CITB levy applies to your business if the majority of your work falls within the construction industry. If this is the case, you are required by law to register with CITB.

If you pay less than £80k each year on the wages/payments of your PAYE employees and CIS-registered operatives, you won't need to pay the Levy.

For Government guidance about activities considered to fall within the construction industry, read this scope order:

- How much levy you pay is based on your total wage bill (the amount you pay your employees in a year).
- Here the word 'employees' specifically means individuals on the payroll and Construction Industry Scheme (CIS) subcontractors who you make a CIS deduction from. This is defined by Industrial Training legislation.
- Rates for 2020 Levy Assessment were cut by 50% for 1 year to 0.175% for PAYE and 0.625% for Net CIS. Proposed rates for the 2021 Levy Assessment are to return to 0.35% for PAYE and 1.25% for Net CIS and are expected to be confirmed May 2022.

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**The Construction Industry Training Board (CITB)** must keep a register of employers that are entirely or primarily engaged within **the construction industry**. Once a company is registered, it is legally required to file **annual Levy Returns** wherein it must provide details of wage bills for **the assessment of levy liability**.

## **WHAT IS THE CITB LEVY AND GRANT SYSTEM FOR THE CONSTRUCTION INDUSTRY?**

The CITB Levy and Grant system is designed to ensure a skilled workforce for the British construction industry. The CITB collects funds via the Levy Return from employers and then invests it back into the construction industry by offering training courses.

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There are various CITB training courses for people within the construction industry. One example is the Site Safety Plus Scheme, which offers a range of courses for anyone who wishes to develop skills in building, civil engineering and other allied industries. These courses aim to provide workers at every level of an organisation with the skills they need to progress in the industry. All training courses offered by the CITB are of the highest standards and come in many shapes and sizes.

## **HOW IS THE CONSTRUCTION INDUSTRY HELPED BY THE CITB LEVY?**

The Levy scheme from the CITB ensures a steady flow of trained, skilled workers for the industry. The funds it collects from employers are reinvested in the industry in the form of training, driving up standards and ensuring construction products are completed in a safe, sustainable and time-effective way. The Construction Training Directory includes over 2,000 grant-aided, quality assured training courses that are offered throughout the British Isles. This helps secure a pipeline of diverse talent; something that many employers put their heart and soul into achieving.

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# EMPLOYERS WITHIN THE CONSTRUCTION INDUSTRY ENJOY THE FOLLOWING BENEFITS FROM THE CITB LEVY:

- › Investing in skills and training within the industry
- › Offering grants to bring in newly trained staff and develop the skills of the existing workforce
- › Implement card schemes that are industry standard
- › Provide world-class apprenticeships with a mix of college learning and on-site experience
- › Develop construction standards and qualifications
- › Draw attention to the construction industry and inspire new people to enter it
- › Research industry trends and potential skills for the future
- › Influence government policy for construction

The CITB Levy and Grant system has strong support from those in the construction industry who acknowledge its value. It also plays a key role in tackling issues like fraud and modern slavery, and in helping promote the good mental health of those who work within the industry.

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# WHAT ARE THE RATES FOR THE CITB LEVY FOR CONSTRUCTION INDUSTRY BUSINESSES?

The amount you pay for the CITB Levy depends on your overall wage bill - the amount you pay to your employees each year. The term 'workers' includes all employees paid through Pay As You Earn (PAYE) and subcontractors through the Construction Industry Scheme (CIS) from whom you deduct CIS tax.

## At present, the rates are as follows:

- 35% on PAYE
- 25% on CIS subcontractors from whom you deduct CIS tax (the Levy does not apply to any CIS subcontractors from whom you deduct no CIS tax)

## SUBMITTING YOUR LEVY RETURN

Each organisation in the construction industry will have their Levy Return based on the rates mentioned above. The assessment is usually received in the spring.



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## EXEMPTIONS FOR SMALL BUSINESSES

If you operate a small business in the construction industry, you should be aware that you are not required to pay the Levy if your PAYE and NET CIS bill is less than £80,000. This is what's called the small business exemption.

Please note that even if you are not required to pay the Levy, you must still complete and submit a Levy Return that supports this.

## REDUCTION FOR SMALL BUSINESSES

If your total PAYE and NET CIS bills come in at between £80,000 and £399,999, you are entitled to a 50% reduction on your levy. This is what we call the small business Levy reduction.

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## WHAT ARE CITB-APPROVED TRAINING ORGANISATIONS (ATOS)?

As of 2018, CITB altered its approach to training throughout the construction industry. Part of this came through the introduction of Approved Training Organisations (ATOs). For an organisation to achieve ATO status, it must be a training provider and complete a successful application process wherein it delivers its ability to deliver training up to a defined industry standard.

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# HOW CAN I BOOK A CITB COURSE VIA THE LEVY SYSTEM?

There are several steps you will need to carry out in order to book a CITB course via the Levy system. For in-depth information, visit The CITB website <https://www.citb.co.uk/levy-grants-and-funding/grants-funding/skills-and-training-fund> and look through their information.

## It will include the following stages:

- Make a booking with an ATO as an employer/employee seeking to claim a CITB grant.
- The ATO will require some personal information about the delegate, including their identity, NI number and Levy number.
- Most ATOs offer only a selection of CITB training courses that are eligible for the CITB grant, so check whether your desired course is offered before applying with a provider.
- The ATO must upload delegate achievements to the Construction Training Register within 10 working days of completion of the course in order to trigger the grant payment.



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## ADDRESSING THE SKILLS GAP

Thanks to the CITB Levy and the training it facilitates, more people come into the construction industry site-ready. It provides end-to-end service that inspires, informs and attracts new talent, increasing access to a wider pool of individuals. It starts with school students, showcasing the appeal of working in the construction industry from an early age. For older learners, it provides taster and work experience opportunities to help people assess whether construction is something they want to work in.

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CITB makes the Levy work hard and provide the construction industry with a good return on investment. The net result is that employers can recruit and train more talent and grow within an industry that has infinite potential for growth.

**REQUEST A CALL BACK**

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