



Levy Proposals 2026-29

Recommendation, rationale and benefits

CONSULTING ON THE DRAFT LEVY PROPOSALS



Levy Proposals 2026-29 - rationale and benefits

In making their proposals, the Levy Strategy Committee (LSC) considered:

- A Levy system which recognises the emerging and modernising Construction Industry to support improvements in capability, capacity and productivity in these sectors.
- The Levy should, wherever possible, encourage employers to train their workers.
- The Levy should be simple to understand and administer for all employers
- The Levy should be equitable to all employers
- The Levy Proposals should be designed to raise the sum required to deliver the strategy that has the support of industry
- The Draft Levy Proposal options should be underpinned by a strong evidence base
- There should be limited change to Levy distribution between employer size groups, trades and Nations

Levy Proposals 2026-29 - recommendation

The Levy Strategy Committee (LSC) has recommended two sets of Draft Levy Proposals for wider industry consultation in 2024.

The Draft Proposals are:

Option 1

- To retain Levy rates at:
 - PAYE: 0.35%
 - Net paid (Taxable) CIS Sub-contractors: 1.25%.
- To retain the Levy Exemption and Reduction Thresholds included in the Proposals for the 2026 Levy Order:
 - Levy Exemption for employers with a wage bill below £135,000
 - A 50% Reduction in Levy for employers with a wage bill of £135,000 or more, but below £450,000.

Option 2

- To retain Levy rates at:
 - PAYE: 0.35%
 - Net paid (Taxable) CIS Sub-contractors: 1.25%.
- To increase the Levy Exemption and Reduction Thresholds included in the Proposals for the 2026 Levy Order:
 - Levy Exemption for employers with a wage bill below £150,000
 - A 50% Reduction in Levy for employers with a wage bill of £150,000 or more, but below £500,000.