

# The broadcast advertising levy... ... a guide

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# 1) Introduction

Trust is an important factor in effective advertising — for the public, the advertising industry itself, and policymakers.

For trust to exist, advertising must be legal, decent, honest and truthful. Advertising in the UK is self-regulated, to ensure that this is the case.

The Broadcast Advertising Standards Board of Finance Limited (basbof) is an independent body, responsible for collecting the levy that funds this self-regulation, which is carried out by the Advertising Standards Authority (Broadcast) (ASAB) and the Broadcast Committee of Advertising Practice (BCAP), following the statutory delegation of these responsibilities by the Government, through Ofcom.

Compliance with the directions of ASAB is a condition of the Ofcom licence, and Ofcom supports the raising of this levy to fund the regulatory system.

The scheme is operated under the guidance of trade associations and organisations concerned with the implementation of broadcast advertising (listed in Appendix 1).

## 2) What is the levy?

- The levy is 0.1% of the media advertising cost\* to the client, for the categories of advertising described below
- For tax purposes, the levy qualifies as a normal advertising expense
- The levy must always be stated separately, and not be embedded in advertising rates
- The levy is not liable to VAT
- This is the recommended wording for use on Rate Cards and Terms & Conditions:

*All advertising charges are subject to a 0.1% Broadcast Advertising Standards Board of Finance (basbof) levy, payable by advertisers to fund advertising self-regulation, administered by the Advertising Standards Authority (Broadcast).*

\* For clarification, ‘advertising cost’ includes all items (such as media costs, discounts, commissions), on a client’s media invoice *except* VAT. The levy is therefore calculated on the final charge before VAT.



### 3) What is included, and excluded?

The following types of broadcast advertising media are included in the levy scheme (as sold by broadcast licencees of Ofcom):

- Television
- Radio
- Cable

The following are excluded from the **basbof** levy:

- Advertising outside the UK
- Advertising of a party-political nature (which is not subject to the ASAB's Code of Advertising Practice (BCAP))
- Advertising in the form of sponsorship or product placement
- Broadcast companies with direct billings to clients of less than £500,000 a year are not required to contribute (in such cases, the cost of collecting the levy is not justified by the subsequent amount of levy generated)
- Production costs are not subject to the levy

### 4) How is the levy collected?

- The levy is collected from advertisers by their advertising agencies or, in the case of direct accounts, by media owners (following registration with basbof)
- The levy definitions apply to all advertisers, agencies and media companies, whether or not they are members of any trade association. This includes central and local Government, and charities.
- Advertising agencies and media owners aggregate separate levies payable within each quarter, then make a single BACS/cheque payment to basbof
- Payment requests will be sent out by basbof at the end of each quarter, which may also be used as remittance advice
- Payment is due (for the previous quarter) on the 1<sup>st</sup> January, 1<sup>st</sup> April, 1<sup>st</sup> July and 1<sup>st</sup> October

### 5) How is the levy calculated?

The levy is 0.1% of the cost of advertising media, as described above. This is the same as £1 per £1,000 of advertising cost.



## 6) Recognition agreements

Any recognition agreements should incorporate the following clause:

*That it will conform to and support the provisions of the Broadcast Code of Advertising Practice including all decisions, rules and regulations from time to time issued by BCAP and/or the Advertising Standards Authority (Broadcast). That it will support fully and conform to the provisions laid down by basbof regarding the levying of the media cost to clients, on all broadcast advertisements. These require advertisers, which are clients of the agency, to pay to the agency – and for the agency to collect and pay to basbof – those sums required for the maintenance of the ASAB and BCAP, who ensure that consumers are made aware of, and are fully protected, under the provisions of the Code.*

## 7) Any questions?

All queries should initially be directed to the appropriate trade association or organisation (see Appendix 1), which will also accept enquiries from non-members in the same branch of their industry or media group.

## 8) Taking it further

Any problem that cannot be resolved by the trade association concerned should be directed to:

The Treasurer

The Broadcast Advertising Standards Board of Finance Limited

12 Henrietta Street

Covent Garden

London WC2E 8LH

Telephone: +44 (0)20 7340 0210



## Appendix 1 — Organisation contact details

Advertising Association  
12 Henrietta Street  
Covent Garden  
London WC2E 8LH  
Tel: 020 7340 1100

Broadcast Committee of Advertising Practice  
Castle House  
37–45 Paul Street  
London EC2A 4LS  
Tel: 020 7492 2222

Clearcast  
2<sup>nd</sup> Floor  
4 Roger Street  
London WC1N 2JX  
Tel: 020 7339 4700

Commercial Broadcasters Association  
The Courtyard  
18 Marshall Street  
London W1F 7BE  
Tel: 020 3327 4101

European Advertising Standards Alliance  
Rue des Deux Églises 26  
Twekerkenstraat  
1000 Brussels  
Belgium  
Tel: +32 (0)2 513 78 06

Incorporated Society of British Advertisers  
12 Henrietta Street  
Covent Garden  
London WC2E 8LH  
Tel: 020 7291 9020



Institute of Practitioners in Advertising  
44 Belgrave Square  
London SW1X 8QS

Tel: 020 7235 7020

Radio Centre  
6<sup>th</sup> Floor  
55 New Oxford Street  
London WC1A 1BS

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