

The advertising levy... ... a guide

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Table of Content

1) Introduction.....	3
2) What is the levy?	3
3) What is included, and excluded?.....	4
4) How is the levy collected?	5
5) How is the levy calculated?	5
6) Levy calculation variations.....	6
7) Recognition agreements.....	7
8) Any questions?	7
9) Taking it further.....	7
Appendix 1 — Organisation contact details.....	8
Appendix 2 — Definitions of ‘financial advertising’	10



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 Advertising Standards Board of Finance Limited (asbof) is an independent body, responsible for collecting the levy that funds this self-regulation, which is carried out by the Advertising Standards Authority (ASA).

The levy was introduced, voluntarily, after discussion with Government and the Office of Fair Trading, and the scheme is operated under the guidance of trade associations concerned with the implementation of 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% Advertising Standards Board of Finance (asbof) levy, payable by advertisers to fund advertising self-regulation, administered by the Advertising Standards Authority.

* 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 advertising media are included in the levy scheme:

- Press
 - Newspapers
 - Magazines
 - Inserts
- Outdoor
- Cinema
- Digital
 - Online advertising
 - Paid search (PPC)
 - Paid impressions
 - Affiliate charges
 - Sponsored Twitter and Facebook posts
- Video on demand (VOD)
- Mobile
 - Mobile phone ads
 - Paid search (PPC)
 - Paid impressions
 - Payment to affiliates

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

- Television, Radio and Cable advertising by broadcasters licensed by Ofcom. This advertising is subject to the **basbof** (Broadcast Advertising Standards Board of Finance) levy, which mirrors the asbof levy scheme.
- Direct Mail postage costs are subject to the **masbof** levy, charged and collected by the postal operators
- Advertising outside the UK
- Advertising of a party-political nature (which is not subject to the ASA's Code of Advertising Practice (CAP))
- Advertising for medicinal products as defined by, and licensed under, the Medicines Act, the promotion of which is restricted to the medical, veterinary and allied professions. The exemption applies to products which are promoted for supply only in response to a medical prescription. It does not apply to medicines or allied



products which are advertised to the general public and are available for purchase in pharmacies and other outlets.

- Production costs are not subject to the levy (this also includes Ad Serving costs, in respect of digital advertising)

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 asbof)
- 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 asbof
- Payment requests will be sent out by asbof at the end of each quarter, which may also be used as remittance advice
- Payment is due (for the previous quarter) on the 1st January, 1st April, 1st July and 1st October
- Many advertisers place their digital advertising directly with tech platforms. Where these platforms are not invoicing the levy to their advertisers, other arrangements are in place.
- For spend on PPC/Paid Search, registration with Google via the **asbofwithgoogle** site authorises them to report to asbof the levy due on this media spend. Asbof will then invoice the advertiser directly for the levy due.
- For other types of digital advertising placed directly with tech platforms, advertisers are asked to declare their spend to asbof, who will invoice the levy accordingly

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.

Due to differences in character, scale, methods of operation and accountancy practises between media groups, it has been necessary to introduce some flexibility in this calculation (whilst adhering to an overall equivalence of a 0.1% levy). These variations are described below, and have been agreed with the individual groups, and others, concerned.



6) Levy calculation variations

— Regional and local newspapers, Scottish daily and weekly newspapers

Owners of regional newspapers have the option to pay the 0.1% levy on direct advertising accounts themselves (where collection costs for agencies are otherwise disproportionate). In addition — for those who have difficulty in separating display from classified advertising in their accounts — they may alternatively pay a levy of **one-third of 0.1% on their TOTAL direct advertising**, including classified lineage and semi-display. (Based on their advertising profile, this is calculated to be as near as possible to the 0.1% levy on display alone.)

— Classified advertising

Advertising agencies, or agency divisions, specialising in classified advertising can have collection and accounting difficulties. Therefore, they have the option to pay a levy sum to asbof equal to **0.025% of client media billings**, including lineage and semi-display. This approximates to 0.1% of other defined categories.

— Financial advertising

Advertising agencies, or agency divisions, specialising in financial advertising can pay a levy sum to asbof equal to **0.075% of client media billings** (related to financial advertising), including classified lineage and semi-display. This approximates to 0.1% of other defined categories. (A full definition of ‘financial advertising’ is described in Appendix 2.)

— Outdoor

Due to difficulties in collection, poster space under the size of four-sheet is excluded from the scheme. In addition, any order under £500 (excluding VAT) placed by an advertiser directly with a poster contractor is similarly excluded.

In this case, the standard wording for use on Rate Cards and Terms & Conditions is amended to read as follows:

All advertising charges (except poster space under the size of four-sheet) are subject to a 0.1% Advertising Standards Board of Finance Limited (asbof) levy, payable by advertisers to fund advertising self-regulation, administered by the Advertising Standards Authority.

All illuminated and painted signs — for which advertisers are charged through advertising agencies — are subject to the levy, based on placement (not production) cost. This includes signs placed on football grounds and sports stadia. Signings such as shop fasciae, which is normally placed directly through contractors, will not be subject to the levy.

— Overseas

Advertising placed by overseas clients in UK media is subject to the levy, but advertising in British publications with a predominantly overseas circulation is exempt.



7) Recognition agreements

Any recognition agreements should incorporate the following clause:

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

8) Any questions?

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

9) Taking it further

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

The Treasurer

The Advertising Standards Board of Finance Limited

12 Henrietta Street

Covent Garden

London WC2E 8LH

Telephone: 020 7340 0210



Appendix 1 — Organisation contact details

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

Cinema Advertising Association
Corinthian House
279 Tottenham Court Road
London W1T 7RJ
Tel: 020 7199 2433

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

Data & Marketing Association
DMA House
70 Margaret Street
London W1W 8SS
Tel: 020 7291 3300

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

Institute of Promotional Marketing
70 Margaret Street
London W1W 8SS

Tel: 020 3848 0444

Interactive Advertising Bureau
67–68 Long Acre
London WC2E 9JD

Tel: 020 7050 6969

News Media Association
16–18 New Bridge Street
London EC4V 6AG

Tel: 020 3848 9620

Outsmart
3rd Floor
33 Golden Square
London W1F 9JT

Tel: 020 7224 3786

Periodical Publishers Association
White Collar Factory (TOG)
1 Old Street Yard
London EC1Y 8AF

Tel: 020 7404 4166

Royal Mail
Mail Media Centre
Stukeley Street
London WC1V 7AB

Tel: 0800 917 0640

Scottish Newspaper Society
17 Polwarth Road
Edinburgh EH11 1LY

Tel: 0131 337 2757



Appendix 2 — Definitions of ‘financial advertising’

Dividend Notices, Closing of Transfer Books, Notices of AGM, Bond Drawings and Share Quotes

These are usually run as classified advertisements, but sometimes, however, they are increased to display size to gain more attention.

Balance Sheets, Statements of Conditions, etc.

These are extracted from companies’ Report and Accounts and therefore have to comply with the provisions of the various Companies’ Acts.

New Issues (Offers for Sale, Prospectuses, Tenders, Introductions)

The contents of these advertisements have to be approved not only by the many professional advisors but also by the Stock Exchange Council. The advertisements themselves are a Stock Exchange requirement.

Takeover Announcements

All such announcements, including advertisements, are subject to the City Code on Takeovers and Mergers, and the code is enforced by the Panel on Takeovers and Mergers. All such advertisements have to be vetted by the Panel and have a responsibility statement included.

Interim Statements

Under Stock Exchange regulations all quoted companies must either circulate an Interim Statement to shareholders or advertise in the Press. In most cases, therefore, the advertisements are a requirement to fulfill obligations.

Preliminary Results and Chairman’s Statements

Although not required to do so, most companies use one or both of these occasions to advertise their results, activities and prospects to interested audiences. Virtually all the factual information so presented is extracted either from the Return submitted to the Stock Exchange or from the Company’s Annual Report (most of which is prepared to the demands of the various Companies’ Acts).

Tombstones

These notices are advertised in connection with completed financial deals, some form of syndicated loan, credit facility or arrangement which has been finalised between a bank (or consortium) and the client. The item itself is naturally the subject of legal requirements on both sides and the advertisement purely records its completion — it is placed for information purposes only.

