

## **Community Infrastructure Levy (England and Wales)**

### **Introduction**

The Community Infrastructure Levy (CIL) was introduced by the Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (SI 2010 No. 948), and is a discretionary charge which relevant local authorities are empowered to charge on new development in their area. CIL charges will be based on a formula which relates the charge to the size of the development paying it. The proceeds of the levy must be spent on infrastructure to support the development of the area. CIL applies in England and Wales only where the charging authority has implemented a CIL scheme.

CIL is a non-exchange transaction, and as such is accounted for under *IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers)*.

### **Accounting Requirements**

Where an authority is a charging authority, CIL charges (including amounts applied to meet the administrative expenses of the charging authority in accordance with the CIL Regulations) shall be accounted for on an accruals basis, and recognised immediately in the Comprehensive Income and Expenditure Statement as income. The recognition criteria for CIL charges will be met at the commencement date of the chargeable development.

Surcharges and interest received by a charging authority in accordance with the CIL Regulations shall be accounted for as if they were receipts of CIL charges.

CIL charges received by a collecting authority that is not a charging authority are not the income of the collecting authority. The collecting authority is acting as an agent and shall account for the amounts received on that basis (see section 2.6 of the Code).

CIL charges applied to meet the administrative expenses of a collecting authority that is not a charging authority in accordance with the CIL Regulations are the income of the collecting authority. Such amounts charges shall be accounted for on an accruals basis, and recognised immediately in the Comprehensive Income and Expenditure Statement as income.

### **Statutory Accounting Requirements**

Income from CIL charges, with the exception of amounts applied in accordance with the CIL Regulations to meet administrative expenses, must be applied to fund infrastructure. In line with this restriction, charging authorities shall account for CIL charges in accordance with the following paragraphs.

Where capital expenditure to be funded from CIL charges has been incurred, the CIL charges shall be transferred from the General Fund to the Capital Adjustment Account.

Where capital expenditure to be funded from CIL charges has not been incurred, the CIL charges shall be transferred from the General Fund to the Capital Receipts Reserve (within the usable reserves section of the balance sheet).

Where CIL charges are to be applied to fund revenue expenditure (such as administration expenses), the CIL charges shall not be transferred out of the General Fund.

### **Disclosure Requirements**

In the Notes to the Accounts, authorities shall include an analysis of the opening and closing balances and movements on the Capital Receipts Reserve, showing separately capital receipts and CIL income.

### **Statutory Disclosure Requirements**

There are no statutory disclosure requirements in relation to CIL.

### **Changes since the 2010/11 Code**

The CIL Regulations were introduced in England and Wales after the publication of the 2010/11 Code. The 2011/12 Code incorporates these regulations for the first time; however the regulations apply from 6 April 2010.