PETITION TO THE UK PARLIAMENT

Introduce a Time-Limited AI Token Levy

to Bridge the Automation Transition Trough

PETITION STATEMENT

We call on HM Government to introduce a time-limited AI Token Levy of 3% on commercial AI API consumption above 1 million tokens per month, rising to 5% in year two, with revenue ring-fenced for a National Workforce Transition Fund. The levy should operate for a fixed period of five years (2026–2031), reviewed annually, and be designed to bridge the fiscal shortfall caused by AI-driven labour displacement before productivity gains fully materialise in the tax base. Businesses with fewer than 50 employees and academic or public-sector research use should be exempt.

7.9M	–25B	£92B	3–5%
UK jobs at risk	Peak annual fiscal gap	UK GDP gain (best case)	Proposed levy rate
IPPR 2024	*ONS / parametric model*	*IPPR best case*	*TokenGesture proposal*

1. What We Are Asking the Government to Do

This petition calls on HM Government to take three specific, costed, time-limited actions:

01

Introduce an AI Token Levy

A levy of 3% (Years 1–2) rising to 5% (Years 3–5) on commercial AI API token consumption exceeding 1 million tokens per month. Exempt: SMEs under 50 employees, public-sector bodies, registered academic institutions, and non-profit organisations. The levy applies to both the producer (AI model provider, 50% share) and the consumer (enterprise API customer, 50% share).

02

Ring-fence revenue into a National Workforce Transition Fund

All proceeds held in a dedicated, independently audited National Workforce Transition Fund — not absorbed into general revenue — disbursed exclusively for: (a) retraining grants for workers in high-displacement roles; (b) employer incentives for augmentation over replacement; (c) regional support for communities with concentrated displacement. Modelled on the precedent of the Apprenticeship Levy.

03

Commission an annual independent review

Mandate the OBR and ONS, in partnership with DSIT, to publish an annual AI Labour Market Impact Assessment, tracking displacement rates by sector and occupation, new role creation, and the levy's fiscal performance. The levy rate and duration to be adjusted by statutory instrument based on this evidence, with a guaranteed sunset at the end of Year 5 (2031) unless renewed by primary legislation.

2. The Problem: The Transition Trough

The United Kingdom is entering an economic transition with no precise historical precedent. AI is capable of automating a significant and growing share of tasks across the British economy — not in a distant future, but now. The risk is not that AI fails to deliver productivity gains. It is that those gains arrive unevenly: firms and investors capture them first, whilst the cost of displaced workers falls on individuals, on public services, and on the Exchequer.

This creates the **transition trough**: a period in which labour demand and therefore labour tax revenues decline, whilst retraining costs, benefit claims, and public service pressures all rise. GDP may ultimately benefit — but the timing mismatch between displacement and recovery creates a structural fiscal gap that requires a deliberate policy response.

KEY RISK

Goldman Sachs estimates AI's measurable GDP effects will begin in 2027 — but displacement is already visible in hiring data in 2025–26. That gap is the trough. Without intervention, it becomes a fiscal crisis.

2.1 The Scale of Displacement: UK-Specific Evidence

The following is documented by the Office for National Statistics, DSIT, and the IPPR using current UK data:

Indicator	UK Data
UK jobs at risk (IPPR worst case)	7.9 million (of 34.24M workforce)
UK job postings in high-AI-exposure roles	Down 38% more than low-exposure roles (McKinsey / GOV.UK, Jan 2026)
UK businesses currently using AI (ONS, Sep 2025)	23% (up from 9% in 2023)
UK firms already replacing roles with AI	10% of AI-using firms (ONS)
16–24-year-olds in computer programming (2024)	Down 44% in a single year
Finance & Insurance sector AI exposure (DSIT)	Highest of any UK sector (AIOE score: 92%)
Administrative Support sector exposure	90% — 680,000 roles at risk
Professional & Scientific services exposure	82% — 520,000 roles at risk

2.2 The Fiscal Consequence: A £15–25 Billion Gap

Approximately 73% of UK income tax and National Insurance receipts — roughly £440 billion per year (HMRC 2024–25) — derives from labour income. Under the central displacement scenario (6–7% of workforce displaced, 40–50% reinstatement rate, 5-year transition), our parametric model — grounded in the Acemoglu–Restrepo task displacement framework calibrated to ONS and IPPR UK data — projects a peak annual fiscal gap of £15–25 billion. This is the hole in public finances that appears between the point of displacement and the point at which reskilled workers and new AI-adjacent roles restore the tax base.

3. Why a Token Levy Is the Right Mechanism

Previous efforts to tax automation have foundered on a fundamental implementation problem: defining what counts as a robot or an automated system in law is difficult, contested, and gameable. Token-based AI consumption solves this. Every commercial AI API interaction is already metered, logged, and billed in tokens. The tax base is transparent, auditable, and scales automatically with adoption.

3.1 Comparison with Existing UK Levies

Precedent Levy	Relevance
Digital Services Tax (2020–present)	2% on revenues of large digital businesses. Proof that digital activity can be taxed at scale.
Apprenticeship Levy (2017–present)	0.5% on employer payroll above £3M, ring-fenced for training. Direct precedent for ring-fenced workforce levy.
Bank Levy (2011–present)	Introduced post-2008 to ensure the financial sector contributed to recovery costs. Exact analogy for AI transition.
Sugar Tax / Soft Drinks Industry Levy	Tiered, exemption-based design. Demonstrated that a targeted levy with SME carve-outs works in practice.
Proposed AI Token Levy	3–5% on commercial API consumption above 1M tokens/month. Ring-fenced. Time-limited. Reviewed annually.

3.2 Proposed Levy Parameters

Parameter	Proposed Value & Rationale
Year 1–2 rate	3% — introductory rate to limit adoption friction
Year 3–5 rate	5% — uplift once adoption is established
Threshold	1 million tokens per month — protects SMEs, startups, researchers
SME exemption	Businesses with fewer than 50 employees fully exempt
Public sector exemption	NHS, central/local government, universities fully exempt
Incidence split	50% producer (AI providers); 50% consumer (enterprise API customers)
Duration	5 years (2026–2031), statutory sunset, renewal requires primary legislation
Annual review	OBR/ONS/DSIT joint assessment; rate adjustable by statutory instrument
Year 1 revenue estimate (UK)	£270–450 million at current adoption levels

Year 3 revenue estimate (UK)	£600 million–1 billion (5% rate, growing market)
Cumulative 5-year revenue	Est. £3–5 billion — materially bridges the trough gap

4. Addressing Likely Objections

4.1 “This will harm the UK’s competitiveness as an AI hub.”

The UK’s Digital Services Tax at 2% on revenues did not drive Google, Meta, or Amazon from the UK. The levy proposed here is smaller in effective burden, more narrowly targeted (API consumption, not revenue), and structured to fall on large enterprise consumers — not on AI companies building in the UK. The exemption threshold of 1 million tokens per month means the levy is entirely invisible to startups and researchers. The UK already has the most attractive AI investment environment in Europe: £6 billion in VC raised in 2025 (DSIT). A modest transition levy does not undermine this.

4.2 “Token consumption is difficult to measure and enforce.”

It is not. Token consumption is already metered and invoiced by every major AI provider. HMRC’s existing digital services tax infrastructure provides a ready-made compliance framework. The levy would operate identically to VAT on digital services: reported by providers and verified against API billing records. No new enforcement infrastructure is required.

4.3 “The productivity gains will fund themselves — no levy needed.”

This argument is correct in the long run, and wrong in the short run — which is exactly the problem. Goldman Sachs projects GDP effects beginning in 2027, with productivity gains building through the 2030s. Displacement, however, is already showing in 2025–26 hiring data. The levy is a five-year bridge calibrated to the timing mismatch between these two curves. It sunsets automatically when the productivity gains are reflected in the tax base.

4.4 “This is a tax on innovation.”

It is a tax on large-scale commercial consumption of AI at the point of productive use — the same principle as VAT. Innovation itself — research, experimentation, startups, universities — is entirely exempt. This levy will not prevent enterprises from deploying AI; it will ensure that the efficiency gains they capture contribute proportionally to managing the transition costs they generate.

5. What This Petition Is Not Asking For

We want to be explicit about the scope of this petition, because precision matters in tax policy debates:

- This is **not a robot tax**. We are not proposing to penalise automation or innovation at the level of product development or capital investment.
- This is **not a permanent levy**. It is time-limited by design, with a guaranteed statutory sunset and annual review.
- This is **not punitive**. The rate (3–5%) is modest by comparison with existing digital levies in the UK and internationally.
- This is **not redistributive by intention**. Revenue raised during the trough replaces revenue lost from the labour tax base during the same period.
- This is **not anti-business**. The 1 million token threshold and SME exemption ensure it falls exclusively on large-scale commercial AI deployment.

6. Evidence Base

6.1 Key Data Sources

Source	Relevance
ONS Labour Force Survey (Feb 2026)	UK workforce: 34.24M employed; 75.0% employment rate (16–64)
ONS Business Insights Survey (Sep 2025)	23% of UK firms using AI; 10% already replacing roles
DSIT AI Sector Study (2024)	3,256 UK AI firms; 58% company growth YoY; £6B VC raised 2025
GOV.UK AI Labour Impact Report (Jan 2026)	UK job postings down 38% more in high-exposure roles
IPPR ‘Managing the AI Transition’ (2024)	22,000-task analysis; 7.9M jobs at risk; £92B GDP gain potential
PwC UK Economic Impact of AI	England GDP +10.6%; Scotland +9.8%; Wales +8.4%; N. Ireland +5.4% by 2030
Goldman Sachs Global AI Research (2025)	+15% labour productivity; +7% GDP; 2027 as GDP inflection point
Acemoglu & Restrepo (2019, 2022)	Task displacement theory: mathematical framework underpinning fiscal gap estimates
OBR Fiscal Outlook (Nov 2025)	Baseline UK tax revenue projections used in gap modelling
Parliament POST ‘AI and Employment’ (Feb 2026)	Balanced independent parliamentary review of AI employment evidence

7. Our Call to Action

We respectfully call on HM Government to:

1. Conduct a formal consultation on the design of an AI Token Levy, to be completed within 12 months of this petition reaching 10,000 signatures, with a formal government response published within the standard 60-day period.

2. Commission the OBR to publish within six months a dedicated fiscal analysis of AI-driven labour displacement and its projected impact on income tax and National Insurance receipts to 2035.

3. Instruct HMRC to assess, within nine months, the technical feasibility of applying an ad-valorem levy to commercial AI API token consumption using existing digital services tax infrastructure.

4. Introduce primary legislation within this Parliament to establish the National Workforce Transition Fund, as a receptacle for levy revenue and as a vehicle for structured retraining investment, whether or not the levy itself is adopted.

AI is not a future risk. It is a present reality. The trough is coming. The levy is the bridge. We ask government to act before it arrives, not after.

How this petition works

This document is the supporting brief for an e-petition submitted at petition.parliament.uk. Under UK Parliament rules: at **10,000 signatures** the Government must provide a formal written response; at **100,000 signatures** the Petitions Committee considers the petition for a Westminster Hall debate. The petition statement as submitted reads: *"Introduce a time-limited AI Token Levy to fund worker transition support during the automation trough."*

tokengesture.uk | hello@tokengesture.uk | March 2026 | This is an independent citizen campaign, not affiliated with any political party or trade union.

References

All figures cited in this petition brief are drawn from publicly available official UK government, parliamentary, and independent research publications. Full references are listed below.

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Interactive parametric model and full data sources available at tokengesture.uk/model | hello@tokengesture.uk