

Bulletin

Apprenticeship Levy

As of 6th April 2017, the way the government fund apprenticeships is going to change.

All employers with a pay bill over £3 million (i.e. whose NIable pay for all employees is over £3 million) will be required to make an investment in apprenticeships. All earnings, even those below the secondary threshold, are included for the purposes of calculating the amount of levy. Benefits in kind subject to Class 1A NIC are not taken into consideration.

The levy will be 0.5% of the pay bill and each employer will receive an allowance of £15,000 per year to offset against the levy. This means that employers will only need to report and pay the levy when it reaches this amount.

The levy allowance per month is £1250 and any unused allowance will be carried over to the next month. If any allowance in a given month is unused but levy was paid in the previous month, then the allowance can be set off against other PAYE liabilities.

The levy will be a part of the PAYE liability and reported on EPS.

How to calculate a levy:

Employer has an annual pay bill of £5,000,000:
> levy sum: $0.5\% \times £5,000,000 = £25,000$
> subtracting levy allowance: $£25,000 - £15,000 = £10,000$ annual levy payment

Where a group of employers are connected they will only be able to use one £15,000 levy allowance, however at the beginning of the tax year, it must be decided what the proportion of the levy allowance each employer in the group will be entitled to.

Eligible employers will have to declare their liability in May 2017. Funds will be available after 22nd May after the PAYE is due.

All calculations and payments are subject to Parliamentary approval in the 2016 Finance Bill. Further guidance will be published in October and December 2016.

From an Employer's perspective:

Once the levy has been declared to HMRC, employers will be able to access funding for apprenticeships through a new digital service account.

Levy paying employers in England will receive funds in a new digital apprenticeship service account which can be used to pay for apprenticeship. If the employer is not liable to pay the levy, they will still get the government contribution to the training.

Apprenticeships accepted before 6th April 2017, will still be funded under the conditions they started.

For more information, employers can call National Apprenticeship Service 08000 150 600 or email nationalhelpdesk@apprenticeships.gov.uk

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