

In the Know....

# Government changes details on Apprenticeship Levy



The Government has issued further guidance on the implementation of the apprenticeship levy, which contains some changes from previous guidance. Affected employers will need to start paying the levy from May 2017. We take a look at the most up to date position here, in FAQ format that applies to employers in England, Scotland, Wales and Northern Ireland will have their own arrangements for supporting apprentices.

## Who has to pay the levy?

Employers in any sector operating in the UK with an annual pay bill of more than £3 million, regardless of whether they already pay into an existing industry levy scheme.

## What makes up the pay bill?

Wages, bonuses, commissions, and pension contributions that are paid on NICs. Benefits in kind are not included.

## How will it be paid?

You will calculate, report and pay the levy to HMRC, through the PAYE process alongside tax and NICs. The first submission in which it will be declared that the levy will be paid is May 2017.

## How much do I have to pay?

0.5% of your annual pay bill, and then minus an allowance of £15,000. The Government will then add a further 10% of what is in your account.

## What if I am part of a group of companies?

Each company within the group must pay the levy if they meet the wage bill criteria. Only one £15,000 allowance can be applied across the group though.

## Where will my money be kept?

In a digital apprenticeship service account. If you want to take on apprentices, you will use this money to buy the training and assessment part of the apprenticeship. The funds will expire after 2 years.

## How will I find apprentices?

Through the digital apprenticeship service that will be set up by the Government, where you will be able to choose the apprenticeship framework, training provider, assessment organisation and post apprenticeship vacancies.

## Can I spread my funds around?

For the first year, you will only be able to use the funds in your digital account to pay for apprenticeship training and assessment for your own employees. After that, you will be able to transfer up to 10% of the annual value of funds to other employers. Group companies will be able to pool their funds into one digital account.

## What if I there is not enough funds in my account to pay for the apprenticeship?

You will be asked to make a contribution to the extra cost of training and to pay this directly to the provider, rather than through your digital account. You can spread this amount over the lifetime of the apprenticeship.

The content of this briefing is correct at the time of publishing.

## Summary

- Employers should calculate their wage bill to see if they are caught by the criteria. Those in a group structure will need to individually assess themselves against the criteria and the allowance;
- The funds in the digital account are to pay for the training and assessment of apprentices, not for their wages;
- You will have to pay the levy regardless of whether you currently have any apprentices, or whether you intend to take any apprentices on.

Please contact the 24 Hour Advice Service for advice on your specific situation before acting on the information in this publication.