

# outset

## APPRENTICE LEVY – INFORMATION SHEET

### HIGHLIGHTS

- To be introduced on 6 April 2017
- Apprenticeships levy on employers to help fund 3 million new apprenticeships by 2020
- Levy will be 0.5% of pay bill
- All employers to receive an annual allowance of £15,000 to offset against the levy
- Levy only paid if pay bill is above £3 million, collected via PAYE alongside income tax and NI
- Enables employers to choose and pay for the apprenticeship training they require
- 10% top up to their monthly levy contributions to spend on training

### KEY POINTS

There are already levy arrangements in construction and engineering sectors.

The levy will be 0.5% of an employer's pay bill (total employee earnings excluding benefits in kind).

All employers will receive an annual allowance of £15,000 against the levy, in effect making the levy payable only to the extent that the employer's wage bill exceeds £3 million per year – this means that fewer than 2% of employer will pay any levy at all. There will be a connected persons rule so that employers who operate multiple payrolls will only be able to claim one allowance.

Collected by HMRC through payroll alongside income tax and NI through real time information (RTI) employer submissions.

“Pay bill” will be based on total employee earnings subject to Class 1 secondary NICs .

End result will be a system of digital vouchers to pay for apprenticeship training for apprentices of 16 years of age or older accessible via the Digital Apprenticeship Service (the voucher scheme is only available in England). Employers who pay the levy will have access to more funding than they have put in through government top-ups which they will need to apply for. Any levy funding not used within 2 years will expire making it available for other employers.

All employers in England would use the vouchers system, whether or not they pay the levy.

Employers will receive a 10% top-up from the Government on their monthly levy contributions which will be available to spend through the digital account on training.

The employer has more control over the training as they will choose a training provider and negotiate the cost of the training with it.

### WHAT CAN THE ALLOWANCE BE USED FOR?

The allowance can be used for existing employees but they have to be training toward an Apprenticeship, i.e. apprenticeship training with an end point assessment. The main rules governing an apprenticeship are:

- the apprentice must be employed in a real job; they may be an existing employee or a new hire
- the apprentice must work towards achieving an approved apprenticeship standard or apprenticeship framework
- the apprenticeship training must last at least 12 months
- the apprentice must spend at least 20% of their time on off-the-job training

The funds can only be used for apprenticeship training delivered by an approved training provider.

#### **HOW WE CAN HELP?**

Outset is well placed to assist your business with your levy and apprentice employment requirements. Get in touch to discover how we can help on 01622 759900 or email [enquiries@outsetuk.com](mailto:enquiries@outsetuk.com)

[www.outsetuk.com](http://www.outsetuk.com)