

The new tax year brings a new initiative from the Government. The Apprenticeship Levy is a new way to fund apprenticeships in the UK, where employers contribute an amount (based on a percentage of their pay bill) to pay for apprenticeships.

The Basics

The Apprenticeship Levy is being introduced by the Government on 6th April 2017, it is designed to increase the quality and quantity of apprenticeships in England. This funding will be collected by HMRC and deposited in the employers Digital Apprenticeship Service (DAS) account. Employers can then access their DAS account to fund apprenticeships within their organisations. Apprenticeships can only be run through a Government approved training provider.

All employers in the UK are subject to this legislation, therefore it is an unavoidable cost in order to remain compliant with the law. However, an annual Levy Allowance of £15,000 means that only those employers with an annual pay bill of over £3 million will have to pay the levy.

- Employers will have to report and pay the levy to HMRC on a monthly basis alongside Tax and National Insurance
- The Levy is to be set at 0.5% of an employers pay bill
- All Employers will receive a 'Levy Allowance' of £15,000 to offset against payment of this Levy
- If the funds in the DAS account are not used by an employer within 24 months, they will expire

For more details on the Apprenticeship Levy see <https://www.gov.uk/hmrc-internal-manuals/apprenticeship-levy>

What does this mean to me?

The Apprenticeship Levy is an employer cost similar to employer's national insurance and statutory payments. This will therefore be included in the calculation for Additional Required Contribution (ARC). ARC is currently set at 13.8%, the introduction of the Apprenticeship Levy will increase this by 0.5% to 14.3%.

Why do I pay employer costs?

We are paying the Apprenticeship Levy, it is funded from the contract rate, rather than your actual salary. However, employment costs such as this are a part of contracting and therefore most recruitment companies/end clients pay a higher rate to compensate.

Will I be able to get this money back?

No, this will be paid to HMRC alongside your Tax and National Insurance. There will be some circumstances where we may be able to access the funding and pay for some training. However the criteria is complex, so we are currently looking at ways we could fund training and development for our workers. Once we have more details we'll let you know.

If you have more questions about The Apprenticeship Levy, please contact your Account Manager on **0800 848 8101** and they will be happy to talk you through the upcoming changes this April.