

APPRENTICESHIP LEVY

How does it affect you?

What is the Apprenticeship Levy?

It is a compulsory payroll tax for UK employers and will help fund apprenticeship by increasing the annual spend, leading to the government, hoping to reach a target of 3 million apprenticeship starts by 2020.

Who does this affect?

If you are an employer, in any sector with a paybill of more than £3 million each year, then you will be required to pay the levy. These extra funds will be paid into a digital account and you will be able to use them towards training your staff – either new or existing.

My Wage bill is under £3 Million?

Then at the moment the Levy doesn't apply to you, however you will need to pay a 10% contribution cost (with the government paying the other 90%)

How does it work?

The levy is charged at a rate of 0.5% of your annual pay bill. However there is an allowance set at £15,000 – which means that the levy is only payable on pay bills over £3 million. It operates on a monthly basis and will accumulate throughout the year. Anything unused will carry over to the next month.

See below for examples

- An employer with an annual paybill of £4 million
Levy sum: $0.5\% \times £4,000,000 = £20,000$.
Take off the levy allowance
 $£20,000 - £15,000 = £5,000$ annual levy payment
- An employer with an annual bill of £2 million
Levy sum: $0.5\% \times £2,000,000 = £10,000$
Take off the levy allowance
 $£10,000 - £15,000 = £0$ annual levy payment
- If an employer hits the £3 million dead on then they have £0 annual levy payment but £15,000 allowance to spend.

How to pay

This will be calculated and paid through your PAYE process alongside tax and NI contributions. It will need to be declared and then paid by 19th or 22nd of the following month, depending on how it was reported.

How to access

Once HRMC have received your payment then you will be able to access funding for apprenticeships through a digital service account.

This service will also give you access to find suitable training providers and also pay for your training (see below for Apprenticeship Service Link)

All funds will expire in your digital account within 18 months of them entering, if they haven't been spent on apprenticeship. (Spending funds is payments made to training providers)

10% top up funds are also being offered by the government so for every £1 that comes into your account it will mean that you have £1.10 to spend on apprenticeships.

Who can I use the funds for?

All staff! You can either train new members or develop existing staff. All employees need to be eligible for training and need to be enrolled for an approved standard or framework

Incentives

Any 16/18 year old or young care leaver or young person with an Education & Health care (EHC) plan that is put on an apprenticeship, the employer will receive an extra £1000 to meet the extra costs associated with this.

Online Apprenticeship Service

This is an online digital service (similar to online banking) that has been set up to support the apprenticeship Levy. It will help you to financially manage your apprenticeship programme and help you to estimate your financial spend and recruit apprentices through your training providers.

<https://manage-apprenticeships.service.gov.uk/>

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