

BPIf

**HOW WILL THE
APPRENTICESHIP
LEVY AFFECT
YOUR BUSINESS?**

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THE BASICS

The new apprenticeship levy comes into effect from 6 April 2017 and the BPIF want to ensure the industry is prepared. We have a wealth of information on our website and expert advisers just a phone call away. Make sure you are equipped for the impact this could have on your business by reading on or getting in touch.

Who is liable?

Everyone is liable for the levy. It is a 0.5% tax on your pay bill, with each company receiving a £15,000 allowance from 6 April 2017.

How do I calculate what I have to pay?

If your pay bill is £5,000,000:

- Levy = 0.5% x £5,000,000 = £25,000
- Deduct your levy allowance
- £25,000 - £15,000 = £10,000

You can use a handy online tool to estimate your allowance at:

<https://estimate-my-apprenticeship-funding.sfa.bis.gov.uk>

How do I pay the levy?

Each month you will have to:

- Let HMRC know whether you need to pay the levy
- Include the levy that you need to pay in your usual PAYE payment to HMRC by 19 (or 22 if you report electronically) of the following month

What if my company is part of a group?

The important point to note is that there is only ONE £15,000 allowance for a group of connected companies, and at the start of the tax year you will need to allocate the portion of the allowance that you want for each company in the group. This is then fixed for a year.

What if my company operates in Scotland, Wales or Northern Ireland?

- You are liable for the levy
- Apprenticeships are a devolved policy – each authority in each of the UK nations manages their own programmes and how they are funded
- There will be no change to how your apprenticeships are funded

What if my company operates in both England and one (or more) of the Devolved Nations?

- All companies in the UK are liable for the levy
- The proportion of your levy that you have to spend in England is calculated using the home addresses of the employees
- To calculate the English fraction use:
<https://estimate-my-apprenticeship-funding.sfa.bis.gov.uk>

For more information on the Devolved Nations go to:

Scotland: <https://www.apprenticeships.scot/>

Wales: <https://businesswales.gov.wales/skillsgateway/apprenticeships>

Northern Ireland: <https://www.nidirect.gov.uk/campaigns/apprenticeships>

How do I get to spend the levy that I am paying?

- The amount of levy payments that you make will be added to your digital account
- Government will add a 10% top up to the funds in your digital account i.e. the funds you have available to spend on apprenticeship training in England
- Funds in your account will expire 24 months after they enter your digital account
- When payments are taken from your account, the service will automatically use the funds that entered your account first
- You are not allowed to transfer money from your digital account to another company that you are not connected to

Is funding still available?

From 1 May 2017 the funding rules for all apprenticeship training in England changes. All apprentices that have been signed up prior to this date will continue to be funded under the existing rules.

For non-levy paying employers, the government will pay 90% of the cost of the apprenticeship training with a mandatory 10% contribution from the employer.

Is there any additional funding?

There will be the following incentive payments:

- £1000 for apprentices aged 16-18 years old
 - Paid via the training provider
 - Two instalments: one at 90 days and one at 365 days
- Employers with less than 50 employees will receive training fully funded by government for apprentices aged 16-18
- Apprentice Grant for Employers (AGE grant) continues to July 2017

Government has published maximum rates for both frameworks and standards, go to: <https://www.gov.uk/government/publications/apprenticeship-funding-bands>

Need to know more?

- Check out all our resources at www.britishprint.com/apprenticeshipchanges
- Contact Ursula Daly, Programme Director, at ursula.daly@bpif.org.uk





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