



The government has now introduced a new methodology for how employers pay the training costs for apprenticeships.

The levy will be set at 0.5% of an employer's pay bill. It will only be paid on any pay bill in excess of

**£3m**

Employers will have an allowance of £15,000 to offset against their levy payment



## The apprenticeship levy:

### Paybill £3m+

Employers with a UK annual pay-bill in excess of 3 million pounds will pay the 'Apprenticeship Levy'.

### Non-levy paying employers

For those employers that do not pay the apprenticeship levy, there are different ways that your apprenticeship training could be funded.

### Employers with <50 employees

If you employ an apprentice aged 16-18, or 19- 25 with an Education Health & Care Plan (EHCP) or Care Leaver, the costs of the training will be 100% funded.



Many employers pass the incentive onto their apprentice (in addition to their salary) to recognise their commitment and celebrate their achievements

### Financial incentives

### What can you use the payment for?

You can spend the financial incentive on any costs associated with supporting an apprentice in the workplace. For example, on uniforms, your apprentice's travel, or their salary.



Some employers will introduce a sliding scale for their apprentices where a more frequent increase to salary can be awarded throughout the apprenticeship.

### Employers with 50+ employees

If you employ an apprentice of any age, you will pay 5% of the training costs, and the government will pay the remaining 95% of the training costs.

### Levy-transfer

Employers may benefit from levy-transfer, where employers with unused levy funds can 'gift' their levy to another employer, which will cover 100% of the training costs.

Employers and training providers could receive £1,000 each for taking on an apprentice who is either:

- aged 16 to 18 years old, or
- aged 19 to 25 years old and has an Education, Health, and Care Plan (EHCP) or has been in the care of their local authority

### National Insurance exemptions

Employers are not required to pay National Insurance contributions for apprentices under the age of 25 on earnings below the higher tax rate.

### Other incentives

At times, you may find that there are additional incentive initiatives available in your local area or through sector bodies. Ask Tack TMI to see if there are any schemes available for you to apply for.

Further guidance about the levy is available on the [gov.uk](https://www.gov.uk) website.

