

## Clause 1: Apprenticeship levy

### Summary

1. This clause sets out that 'Apprenticeship Levy' will be charged, and that the Commissioners of Her Majesty's Revenue & Customs (HMRC) will be responsible for its collection and management.

### Background

2. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
3. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.
4. The Levy will be introduced from 6 April 2017.
5. If you have any questions about this change or comments on this legislation, please contact Joanne Collings on [joanne.collings@hmrc.gsi.gov.uk](mailto:joanne.collings@hmrc.gsi.gov.uk).

## Clause 2: Charge to apprenticeship levy

### Summary

6. This clause sets out the conditions under which Apprenticeship Levy will be charged, the relevant percentage it will be charged at, and the value of the annual Levy allowance to be offset against an employer's liability.

### Details of the clause

7. Subsection 1 sets out that Apprenticeship Levy will be charged where a person has a pay bill for a tax year and the relevant percentage of that pay bill exceeds the annual Levy allowance for that tax year.
8. Subsections 2 & 3 set out that the amount charged in Apprenticeship Levy in a tax year will be equal to the "relevant percentage" of an employer's pay bill less the annual Levy allowance which they are entitled to for that year.
9. Subsection 4 sets out that a person will be entitled to an annual Levy allowance of £15,000 per tax year, except in so far as rules on connected persons and avoidance provide in sections 4, 5 and 6.
10. Subsection 5 sets out the relevant percentage as 0.5%.

### Background

11. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
12. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.
13. The Levy will be introduced from 6 April 2017.

## Clause 3: A person's pay bill for a tax year

### Summary

14. This clause sets out which earnings will make up a person's pay bill for the purposes of the Apprenticeship Levy. Earnings are defined as those on which the employer has a liability to pay Class 1 National Insurance contributions, or would have had such a liability if the secondary threshold that applies for NICs was disregarded

### Details of the clause

15. Subsection 1 sets out that a person will have a pay bill for a tax year where they have a liability to pay secondary Class 1 National Insurance contributions for a tax year, as a consequence of being the secondary contributor in relation to payments of earnings.
16. Subsection 2 sets out that the total amount of a person's s pay bill will be equal to the total earnings paid in that tax year in respect of which the person is liable to pay secondary Class 1 National Insurance contributions.
17. Subsection 3 sets out that for this section, a person will be treated as having incurred National Insurance contributions liabilities as if the secondary threshold for Class 1 contributions did not exist.
18. Subsection 4 sets out that the Treasury may, by regulations, make provision for specified persons working in continental shelf operations to be treated as secondary contributors for the purposes of this section.
19. Subsection 5 makes it clear that for this section, "payments of earnings" are to be interpreted in the same way as for the liability to pay secondary Class 1 National Insurance contributions under the Social Security Contributions and Benefits Act 1992, and that earnings are to be calculated in the same manner as secondary Class 1 liability is calculated.
20. Subsection 6 sets out that references to liability to pay secondary Class 1 contributions in this section refer to liability incurred under Part 1 of the Social Security Contributions and Benefits Act.

### Background

21. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
22. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding

system in connection with the Levy.

23. The Levy will be introduced from 6 April 2017.

## Clause 4: Connected companies

### Summary

24. This clause sets out that where two or more companies are connected with one another, only one company will be entitled to the annual Levy allowance to be offset against the Apprenticeship Levy. The rules for determining which companies are considered 'connected' will be the same as those for the Employment Allowance.

### Details of the clause

25. Subsection 1 applies where at the beginning of a tax year two or more qualified companies, which are not charities, are connected, and would apart from this section each be entitled to a Levy allowance for the tax year.
26. Subsection 2 sets out that only one qualified company can be entitled to the Levy allowance.
27. Subsections 3 sets out that it is up to the companies to decide which company will be entitled to claim the Levy allowance.
28. Subsection 4 sets out that the rules for determining whether companies are "connected" for the purposes of this section will be the same as the rules set out in Part 1 of Schedule 1 of the National Insurance Contributions Act 2014, which determines the connected companies rules for the Employment Allowance for National Insurance contributions.
29. Subsection 5 defines "company" for the purposes of this section.
19. Subsection 6 explains that the meaning of charity is that is provided in section 5.

### Background

30. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
31. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.
32. The Levy will be introduced from 6 April 2017.

## Clause 5: Connected charities

### Summary

33. This clause sets out that at the beginning of the tax year where two or more qualified charities are connected with one another only one will be entitled to the Levy allowance to be offset against the Apprenticeship Levy.

### Details of the clause

34. Subsection 1 applies where at the start of the tax year two or more charities are connected, and would apart from this section each be entitled to a Levy allowance for the tax year.
35. Subsection 2 sets out that only one of the qualified charities can be entitled to the Levy allowance.
36. Subsection 3 sets out that it is up to qualified charities to decide which charity will be entitled to claim the Levy allowance.
37. Subsections 4 and 5 set out the meaning of charity.
38. Subsection 6 provides that the meaning of connected can be found in sections 20 and 21.

### Background

39. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
40. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.
41. The Levy will be introduced from 6 April 2017.

## Clause 6: Anti-avoidance

### Summary

42. This clause sets out that where an employer stands to gain as a result of avoidance arrangements relating to the Levy allowance, they are not entitled to that Levy allowance.

### Details of the clause

43. Subsection 1 defines "avoidance arrangements" for the purposes of this section, as any arrangements where the main purpose, or one of the main purposes, is to seek a tax advantage in relation to the Levy allowance.
44. Subsections 2 and 3 set out that where, as a consequence of avoidance arrangements, earnings are paid in one tax year rather than another, and the person would have obtained a benefit in relation to liability for the Levy, the pay bill is to be calculated as if the earnings had been paid in that tax year (rather than another tax year).
45. Subsections 4, 5 and 6 set out where, as a consequence of avoidance arrangements, an employer stands to benefit from the Levy allowance, or to benefit from any other tax advantage in relation to the Apprenticeship Levy, they are not entitled to the Levy allowance for the tax year.
46. Subsections 7 and 8 define "arrangements" and "an advantage in relation to apprenticeship Levy" respectively for the purposes of this section.
47. Subsection 9 clarifies that the connected companies and connected charities rules in sections 4 and 5 respectively are not taken into account for the purposes of calculating whether a person stands to gain as a result of avoidance arrangements.
48. Subsection 10 clarifies the meaning of "a particular tax year" for the purposes of this section.

### Background

49. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
50. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.
51. The Levy will be introduced from 6 April 2017.

## Clause 7: Application of other regimes to apprenticeship levy

### Summary

52. This clause makes amendments to existing legislation which is to apply in relation to the Apprenticeship Levy.

### Details of the clause

53. Subsection 1 applies HMRC's rules on the disclosure of tax avoidance schemes to the Apprenticeship Levy by amending the relevant section of the Finance Act 2004.
54. Subsection 2 applies HMRC's general anti-abuse rule to the Apprenticeship Levy by amending the relevant section of the Finance Act 2013.
55. Subsections 3, 4 and 5 apply HMRC's system of accelerated payments in relation to avoidance schemes to the Apprenticeship Levy by amending the relevant sections in the Finance Act 2014.
56. Subsections 6, 7 and 8 apply HMRC's rules on the promotion of tax avoidance schemes to the Apprenticeship Levy by amending the relevant sections of the Finance Act 2014.

### Background

57. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
58. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.
59. The Levy will be introduced from 6 April 2017.



## Clause 8: Assessment, payment etc

### Summary

60. This clause sets out the powers of HMRC to make regulations covering the assessment, payment, collection and recovery of Apprenticeship Levy payments.

### Details of the clause

61. Subsection 1 provides for the Commissioners of HMRC to make regulations regarding assessment, payment, collection and recovery of the Apprenticeship Levy.
62. Subsection 2 sets out that regulations under subsection (1) include provisions which apply with or without modification the PAYE regulations and for combining arrangements under these regulations with arrangements made under PAYE regulations.
63. Subsection 3 sets out that regulations under subsection (1) may require payment of the Levy on account, as well as determining the relevant tax period, times of payments, amounts payable, and provision for managing overpayments.
64. Subsection 4 sets out that regulations under subsection (1) may require a person to make returns in relation to the Levy, and to set out how those returns must be made. The returns will be made as part of HMRC's Real Time Information system.
65. Subsection 5 sets out that regulations under subsection (1) may give HMRC the power to assess the Levy amounts payable by persons, and to make provision for a process of assessing those amounts.
66. Subsections 6 and 7 set out that regulations under subsection (1) may make provision in relation to repayments of the Levy made in error, and related repayment interest.
67. Subsection 8 sets out that regulations under subsection (1) may determine a process for HMRC to make decisions on any matter arising under these regulations, and may make provision for a process of appeal.
68. Subsection 9 provides for the meaning of relevant assessment
69. Subsection 10 and 11 provide further detail on the right of appeal and payments on account.

### Background

70. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
71. The Department for Business, Innovation & Skills issued a response document following

consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.

72. The Levy will be introduced from 6 April 2017.

## Clause 9: Recovery from third parties

### Summary

73. This section gives HMRC the power to provide, by regulations, for the collection of unpaid Levy from parties other than the person liable to pay the Levy.

### Details of the clause

74. Subsections 1 and 2 provides for HMRC to make regulations under section 8(1) for the recovery of unpaid amounts from persons other than the person liable for the Levy. Such regulations would allow debt relating to non-payment of the Apprenticeship Levy to be transferred to others where it is irrecoverable for example from a managed service company. This is congruent with the treatment of debt relating to income tax and National Insurance contributions.

### Background

75. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
76. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.
77. The Levy will be introduced from 6 April 2017.

## Clause 10: Real time information

### Summary

78. Employer's returns relating to the Apprenticeship Levy will be made as part of HMRC's Real Time Information system. This clause sets out the powers of HMRC to make regulations providing for the supply of relevant information about payments of Apprenticeship Levy to HMRC.

### Details of the clause

79. Subsection 1 provides that regulations under section 8 may make provision for relevant service providers, such as payroll administrators, to provide relevant information to HMRC for the purposes of the Apprenticeship Levy; to require the clients of those providers to supply information to the relevant service provider; to require relevant service providers to take steps to facilitate the provision of information to them from employers; and to require related compliance with any directions HMRC gives.
80. Subsection 2 sets out that any directions made under the regulations may make provision for different cases or different classes of case.
81. Subsection 3 sets out that definitions of relevant expressions for the purposes of this section.

### Background

82. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
83. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.
84. The Levy will be introduced from 6 April 2017.

## Clause 11: Time limits for assessment

### Summary

85. This clause sets out the time limits for assessments to be made on an employer's Apprenticeship Levy payments.

### Details of the clause

86. Subsection 1 determines that the general rule will be that no assessment may be made on an employer's Apprenticeship Levy payments more than 4 years after the end of the relevant tax year.
87. Subsection 2 sets out that this time limit will be 6 years rather than 4 in cases where the loss of the Apprenticeship Levy has been brought about carelessly by the person.
88. Subsections 3 and 4 set out that this time limit will be 20 years rather than 4 in cases where the loss of the Apprenticeship Levy brought about deliberately, or in relation to arrangements where the person has failed to comply with the listed obligations.
89. Subsection 5 sets out that for assessments made on Levy repayments made in error, the general rule in subsection 1 will not apply, and assessments on those amounts must instead be made before the end of the tax year after the amount assessed was repaid or paid.

### Background

90. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
91. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.
92. The Levy will be introduced from 6 April 2017.

## Clause 12: No deduction in respect of levy to be made from earnings

### Summary

93. This clause sets out that a person cannot make any deduction of the Levy for which that person is liable or recover the Levy from the relevant earner or enter into any agreement with any person to do so.

### Details of the clause

94. Subsection 1 sets out that a person must not, by agreement or otherwise, make a deduction from an employee's earnings or seek to recover any of the cost of their Levy liability from the relevant earner.
95. Subsection 2 defines "relevant earner" for the purpose of this section.

### Background

96. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
97. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.
98. The Levy will be introduced from 6 April 2017.

## Clause 13: Distraint and court proceedings

### Summary

99. This clause sets out that HMRC may recover amounts in respect of the Apprenticeship Levy that the employer has not paid and the relevant process of court proceedings

### Details of the clause

100. Subsection 1 sets out that HMRC will have the power to recover amounts in respect of unpaid Apprenticeship Levy in the same way that it does for income tax under the relevant sections of the Taxes Management Act 1970. Those sections also set out the relevant court proceedings in relation to such recoveries.

### Background

101. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
102. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.
103. The Levy will be introduced from 6 April 2017.

## Clause 14: Records

### Summary

104. This clause gives the Commissioners of HMRC the power to make regulations to prescribe what records need to be retained by persons in connection with the Apprenticeship Levy, as well as setting out the system of penalties to apply when a person does not comply.

### Details of the clause

105. Subsection 1 provides for the Commissioners of HMRC to make regulations to require the retention of records for the purposes of the Apprenticeship Levy for a specified period of time.
106. Subsection 2 sets out that the duty to record Levy records is discharged by preserving them in any form and by any means, subject to conditions specified in writing by the Commissioners of HMRC.
107. Subsections 3 and 4 set out that a penalty will apply to a person failing to comply with regulations under subsection 1, and that such penalties cannot exceed a total of £3,000 for one person in any tax year.
108. Subsection 5 sets out that no penalty will be incurred if the Commissioners are satisfied, or on appeal the tribunal, that there is a reasonable excuse.
109. Subsection 6 sets out that the penalties will be subject to the relevant sections of the Taxes Management Act 1970, covering the recovery, mitigation, appeal of penalties.
110. Subsection 7 sets out the meaning of specified.

### Background

111. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
112. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.
113. The Levy will be introduced from 6 April 2017.



## Clause 15: Information and inspection powers

### Summary

114. This clause applies HMRC's information and inspection powers under Schedule 36 of the Finance Act 2008 to the Apprenticeship Levy.

### Background

115. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.

116. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.

117. The Levy will be introduced from 6 April 2017.

## Clause 16: Penalties

### Summary

118. This clause sets out that HMRC may charge penalties for errors on returns relating to the Apprenticeship Levy, or for failure to make such a return, or for late payments.

### Details of the clause

119. Subsections 1, 2 and 3 add Apprenticeship Levy returns to the list of documents on which HMRC may charge penalties for errors in a document. This means that the rules in Schedule 24 of the Finance Act 2007 which set out the liability, amounts and procedures for penalties will apply to the Apprenticeship Levy.
120. Subsections 4 to 7 add Apprenticeship Levy returns to the list of returns or other documents on which HMRC may charge penalties for failure to make returns. This means that the rules in Schedule 55 of the Finance Act 2009 which set out the liability, amounts and procedures for such penalties will also apply to the Apprenticeship Levy.
121. Subsections 8 to 13 add Apprenticeship Levy payments to the list of payments on which HMRC may charge penalties for failure to make payments on time. This means that the rules in Schedule 56 of the Finance Act 2009 which set out the liability, amounts and procedures for such penalties will also apply to the Apprenticeship Levy. Subsection 16 sets out that this is to come into effect on the date this Act is passed.
122. Subsection 14 sets out that subsections 1, 2 and 3, will come into force by regulations made by the Treasury.
123. Subsection 15 sets out that where section 106 in the Finance Act 2009, covering penalties for failure to make returns, refers to Schedule 55 of that Act, those references are to be taken as references to Schedule 55 as amended by this section.

### Background

124. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
125. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.
126. The Levy will be introduced from 6 April 2017.

## Clause 17: Appeals

### Summary

127. This clause sets out that appeals may be brought against assessment of the Apprenticeship Levy made by HMRC under section 8.

### Details of the clause

128. Subsection 2 sets out how and when notice of appeal must be given to HMRC.

129. Subsection 3 sets out that part 5 of the Taxes Management Act 1970 which deals with appeals for income tax will apply to appeals in relation to the Apprenticeship Levy.

### Background

130. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.

131. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.

132. The Levy will be introduced from 6 April 2017.

## Clause 18: Provisional collection of apprenticeship levy

### Summary

133. This clause amends the Provisional Collection of Taxes Act 1968 to facilitate future changes to the Apprenticeship Levy.

### Background

134. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.

135. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.

136. The Levy will be introduced from 6 April 2017.

## Clause 19: Crown application

### Summary

137. This clause sets out that this Part binds the Crown.

### Background

138. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.

139. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.

140. The Levy will be introduced from 6 April 2017.

## Clause 20: Charities which are "connected" with one another

### Summary

141. This clause sets out the rules for determining where two or more charities are "connected" for the purposes of the Levy allowance to be offset against the Levy allowance.

### Details of the clause

142. Subsection 1 sets out that two charities are connected with one another for the purposes of section 5(1) if they are connected under the definition of "connected persons" in section 993 of the Income Tax Act 2007, and their purposes and activities are the same or substantially similar.
143. Subsections 2 and 3 set out that the rules for determining the connection and treatment of charities which are trusts, including definitions for "control" by and of charities which are trusts.
144. Subsections 4 sets out that the rules for determining whether persons are connected with trustees of a charity in this section are the same as the connected persons rules in the relevant section of the Income Tax Act 2007, except for the subsection in that Act which concerns the trustees of settlements.
145. Subsection 5 sets out that for the purposes of the connected charities rules for the Apprenticeship Levy, companies which are controlled by charities are to be treated as charities themselves, and are connected to the controlling charity.
146. Subsections 6 and 7 set out that "control" for the purposes of subsection 5 has the same meaning as in Part 10 of the Corporation Tax Act 2010, except that a person is also deemed to have control of a limited liability partnership where they have a right to a share of more than half the assets or income of that partnership.

### Background

147. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
148. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.

149. The Levy will be introduced from 6 April 2017.

## Clause 21: Connection between charities: further provision

### Summary

This clause provides if charity ("A") is connected with another charity ("B") and B is connected with another charity ("C") then A and C are also connected with one another (if that would not otherwise be the case).

### Details of the clause

150. Subsection 1 sets out that this section applies where two charities, "A" and "B", are connected, and B is connected to a further charity, "C".
151. Subsection 2 provides that charity "C" is connected to charity "A" for the purposes of the connected charities rules in section 5(1).
152. Subsection 3 sets out that charities are "connected" under this section if they are connected under section 5(1) or connected under the rules in this section or section 20.

### Background

153. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.
154. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.
155. The Levy will be introduced from 6 April 2017.



## Clause 22: General interpretation

### Summary

156. This clause defines expressions used in the Part relating to the Apprenticeship Levy.

### Background

157. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.

158. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.

159. The Levy will be introduced from 6 April 2017.

## Clause 23: Regulations

### Summary

160. This clause sets out the process for making regulations under the powers in this Part.

### Details of the clause

161. Subsection 1 sets out that regulations made under the powers in this part may make different provision for different types of case, and for provisions incidental, consequential, supplementary or transitional nature.

162. Subsections 2 and 3 set out that regulations made under the powers in this part are to be made by statutory instrument, subject to the negative procedure in the House of Commons.

163. Subsection 4 sets out that any regulations to bring into force penalties for errors on returns in relation to the Apprenticeship Levy, made under section 16(15), are not subject to any Parliamentary procedure.

### Background

164. The Apprenticeship Levy was announced at Summer Budget 2015. It will be a Levy on employers to fund new apprenticeships. The Levy will support the Government's commitment to improving productivity by increasing the quantity and quality of apprenticeships. The Levy will be charged at a rate of 0.5% of an employer's total pay bill. Each employer will receive an allowance of £15,000 to offset against their Levy payment, which will mean the Levy will be payable on pay bills in excess of £3 million a year.

165. The Department for Business, Innovation & Skills issued a response document following consultation on the Levy, alongside the Chancellor's Autumn Statement on 25 November 2015. The response document sets out further details on the operation of the new funding system in connection with the Levy.

166. The Levy will be introduced from 6 April 2017.