

## Apprenticeship Levy

Many treasurers will be aware of the Apprenticeship Levy that was introduced by the government in April 2017. All employers with a pay bill in excess of £3m pay 0.5% of their pay bill as a levy to HMRC. Further information can be found at <https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work> .

HMRC determined back in 2017 that all Methodist churches, circuits and districts were a “connected employer” for the purposes of the Apprenticeship Levy. This means that individual churches and circuits cannot avoid the Levy by virtue of having a pay bill of less than £3m. As we are treated as one organisation our total pay bill exceeds £3m and therefore we all have to pay the Levy. The Connexional Team took legal advice on this point back in 2017 (and a second opinion more recently) and the issue was raised in the Payroll Newsletters in 2018. The legal advice has supported the determination made by HMRC that the Methodist Church is in fact a “connected employer”.

If your church/circuit/district employs people, you are subject to the Apprenticeship Levy. If those employees are paid through the Payroll Bureau at Church House you do not need to take any action as you have been paying the Levy since it was introduced. However, if you have local payroll arrangements in place you need to check that the Apprenticeship Levy is being paid to HMRC. If this is not the case you will need to talk to your payroll provider and make arrangements to do so. The process for payment of the Levy can be found at <https://www.gov.uk/guidance/pay-apprenticeship-levy> . It should be noted that:

1. If you have not been paying the levy historically you will need to make a back payment from April 2017.
2. The full ‘allowance’ of £15,000 is taken centrally by the Payroll Bureau so the amount of levy you owe is 0.5% of gross pay.

If you are unclear if this affects you please contact our Payroll Bureau on 020 7467 3548.

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