

# Impact of CITB Levy and Apprenticeship Levy on Employers 2017-18

## Scheme Rules

### Apprenticeship Levy

#### Levy rate

0.5% of employer's annual pay bill, paid to HMRC through PAYE system.

#### Thresholds/allowances

Allowance of £15,000 per year to offset against levy bill. Therefore, only have to pay levy if pay bill exceeds £3 million.

#### Further information

See [here](#)

### CITB Levy

#### Levy rate

0.5% PAYE + 1.25% on Net CIS payments

#### Thresholds/allowances

Wage Bill:

- £79,999 or less: No CITB levy paid.
- £80,000 - £399,999: 50% reduction on CITB levy bill.
- Over £400,000: Pay full CITB levy.

#### Further information

See [here](#)

**N.B:** Total wage bill includes PAYE plus payments to net (taxable) CIS subcontractors for a year.

*For simplicity, calculations below assume employers makes no Net CIS payments.*

### **Employer with annual wage bill of £79,999 or less**

#### ***CITB Levy or Apprenticeship Levy Payments?***

Employer does not need to make any CITB Levy or Apprenticeship Levy payments.

#### **Total payments (CITB Levy + Apprenticeship Levy)**

*No payments need to be made.*

### **Employer with annual wage bill between £80,000 - £399,999**

#### ***CITB Levy or Apprenticeship Levy Payments?***

Employer needs to make CITB Levy payments but **no** Apprenticeship Levy payments.

#### **Example of employer with annual pay bill of £200,000 (No Net CIS payments)**

#### **CITB Levy Payments**

$0.5\% \times £200,000 = £1,000$

Employer eligible for 50% reduction on CITB levy bill.

*Total CITB Levy payments = £500*

### **Apprenticeship Levy Payments**

$0.5\% \times \pounds 200,000 = \pounds 1,000$

*Apprenticeship Levy payment would be  $\pounds 1,000 - \pounds 15,000$  allowance =  $\pounds 0$*

**Total payments (CITB Levy + Apprenticeship Levy)**  
 *$\pounds 500$*

### **Employer with annual wage bill between $\pounds 400,000 - \pounds 3,000,000$**

#### ***CITB Levy or Apprenticeship Levy Payments?***

Employer needs to make CITB Levy payments but **no** Apprenticeship Levy payments.

#### **Example of employer with annual pay bill of $\pounds 1,500,000$ (No Net CIS payments)**

#### **CITB Levy Payments**

$0.5\% \times \pounds 1,500,000 = \pounds 7,500$

Employer not eligible for reduction on CITB levy bill.

*Total CITB Levy payments =  $\pounds 7,500$*

#### **Apprenticeship Levy Payments**

$0.5\% \times \pounds 1,500,000 = \pounds 7,500$

*Apprenticeship Levy would be  $\pounds 7,500 - \pounds 15,000$  allowance =  $\pounds 0$*

**Total payments (CITB Levy + Apprenticeship Levy)**  
 *$\pounds 7,500$*

### **Employer with annual wage bill above $\pounds 3,000,000$**

#### ***CITB Levy or Apprenticeship Levy Payments?***

Employer needs to make **both** CITB Levy payments and Apprenticeship Levy payments.

#### **Example of employer with annual pay bill of $\pounds 5,000,000$ (No Net CIS payments)**

#### **CITB Levy Payments**

$0.5\% \times \pounds 5,000,000 = \pounds 25,000$

Employer not eligible for reduction on CITB levy bill.

*Total CITB Levy payments =  $\pounds 25,000$*

#### **Apprenticeship Levy Payments**

$0.5\% \times \pounds 5,000,000 = \pounds 25,000$

*Apprenticeship Levy would be  $\pounds 25,000 - \pounds 15,000$  allowance =  $\pounds 10,000$*

**Total payments (CITB Levy + Apprenticeship Levy)**  
 *$\pounds 35,000$*