

Name of the instrument in English	Abolition of employer national insurance contributions for apprentices under the age of 21 and 25 respectively (Reduction of secondary Class 1 NICs for apprentices)
Country	 United Kingdom
Type of instrument	Tax incentives

Level of operation	National
Part of the country where the instrument applies	nap
Region(s) in which the instrument applies	nap
Sector(s) in which the instrument applies	nap
Legal basis	National Insurance Contributions Act 2014 (with regard to apprentices under the age of 21) and National Insurance Contributions Act 2015 (with regard to apprentices under the age of 25)
Objective(s) and target(s)	To make it cheaper for employers to take on apprentices (HM Treasury, 2014)
Year of introduction	2015 and 2016 respectively
Year of termination	No foreseen end to the instrument (on-going)
Governance (management, operation, monitoring and evaluation)	HM Revenue & Customs (HMRC) is responsible for the overall management, monitoring/evaluation of the instrument and day-to-day operation.
Eligible group(s)	Companies employing apprentices aged 16-25.
Education and training eligible	The instrument supports only apprenticeship.
Source of financing and collection mechanism	State (loss of tax revenue)
Financing formula and allocation mechanisms	EUR 6,091 is the maximum amount of employer national insurance savings, corresponding to an apprentice pay of EUR 54,000. However, in general, apprenticeship pay is far lower. In 2016, average pay per year for apprenticeship levels 2

	and 3 was reported to be EUR 16,357. This would correspond to a EUR 1,097 employer national insurance savings for this year (6,7%).
Eligible costs	Employer's national insurance contributions payable on the apprentice's wage.
Volumes of funding	In tax year 2016/17 (running from 6 April 2016 to 5 April 2017), the annual cost to this instrument from public sources (i.e. the loss of public tax revenue) was EUR 120,000,000.
Beneficiaries/take up	No data on the number of companies that took the advantage of the tax relief is available. In 2016, approx. 180,000 employers offered apprenticeships in the UK, across all apprenticeship levels. Employers whose apprentices are all 25 and older are not able to benefit from the tax relief.
Monitoring/evaluation reports available	na
Recent or planned changes	National insurance relief was initially introduced in 2015 for employers employing apprentices under the age of 21 and was then extended to those employing apprentices under the age of 25 in 2016.
Sources	HM Revenue & Customs (HMRC), https://www.gov.uk/government/organisations/hm-revenue-customs McGuinness. F. and Apostolova, A- (2016) Apprenticeships Funding. Debate Pack. Number CDP 2016/0192, 31 October 2016

Related apprenticeship schemes

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 UNITED KINGDOM

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