

# PRO | TAX

## ACCOUNTING



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# INSIDER

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## Apprenticeship funding proposals announced

**Employers with 50 or fewer employees will have up to 100% of their apprenticeship training costs funded by the government.**

The government has announced more details about its apprenticeship programme and the funding that will be available to businesses that take on apprentices.

The proposals relate to the reform of apprentice funding in May 2017.

An apprenticeship levy of 0.5% of a company's annual tax bill will be payable by companies with a pay bill of £3 million or more.

Those employers too small to pay the levy (around 98% of employers in England) will have 90% of their training costs paid for by the proceeds.

Extra support worth £2,000 per apprentice will also be available for those that take on apprentices that are 16-18 years old or young care leavers. Small employers will have 100% of their costs funded for taking on these apprentices.

The final details will be confirmed in the autumn.

### Reaction

Mike Spicer, director of research at the British Chambers of Commerce, said:

"It is disappointing that businesses will have to wait until October, just 6 months before the proposed implementation date of the levy, for details of the technical rules."

Carolyn Fairbairn, director general at the Confederation of British Industry, said:

"The levy is too narrowly defined. It covers only 1 type of training and employers can only reclaim off-the-job costs. As a result, valuable forms of training risk being cut back."



*Our team can advise on accounting for training costs.*

## Property wealth exceeds savings and pensions

**69% of over-45 homeowners say that their home is worth more than their pensions, savings and investments combined, research by Aviva has found.**

Important findings:

- 46% see their property wealth as a key part of their retirement income
- 23% are worried about paying off their loans
- 33% do not think they will have paid off their loans by the time they reach retirement age
- 56% think that their property wealth will be needed for care costs later on.

Clive Bolton, managing director of retirement solutions at Aviva UK Life, said:

"These findings suggest we are starting to see a shift in attitudes towards wider use of property to help fund retirement, as well as providing a place to live."

"Property assets more than match pension wealth for many older homeowners, so it is sensible to consider bricks and mortar among the options to supplement their savings."

## Property wealth and estate planning

Of those surveyed, 61% see the equity tied up in their homes as an important part of their inheritance planning.

Currently an individual is entitled to pass on £325,000 of wealth tax-free.

Another option for passing on property wealth is gifting the property to your husband, wife or civil partner.

It is possible to pass on any unused allowance to a spouse or civil partner.

 [Contact us about your property wealth today.](#)

## New national minimum wage rates from 1 October

**New hourly national minimum wage (NMW) rates come into effect on 1 October 2016.**

Employers are already legally required to pay eligible workers who are 25 or over the national living wage (NLW) of £7.20 an hour.

### Hourly NMW and NLW rates

Age	From October 2016	Until October 2016
25 and over	£7.20	£7.20
21-24	£6.95	£6.70
18-20	£5.55	£5.30
16-17	£4.00	£3.87
Apprentices*	£3.40	£3.30

\*Apprentices aged 16-18 and those aged 19 or over who are in their first year.

### Calculating NMW and NLW

Working time includes:

- time at work and being required to work or being on standby near the workplace
- work-related travel (but not travelling between home and work)
- training or travelling to training.

The following payments should not affect NMW or NLW calculations:

- income tax and national insurance contributions
- advances on wages or loans
- repaying wage advances or loans
- repaying overpaid wages
- some accommodation
- penalties related to worker misconduct
- anything the worker paid for voluntarily or are not needed to do their job such as meals.

Items a worker buys for a job but isn't refunded for (such as uniform or equipment) should not be included as part of the minimum wage.

Employers who find out they've paid below the correct wage should pay any arrears straightaway. If HMRC discovers any errors, the employer will have to pay a fine and may be named by the government.

Employers need to keep proof that they have met their wage obligations (such as a payroll record) for 3 years.

 [We can advise on calculating pay.](#)

## Inheritance tax receipts up by a fifth

**Inheritance tax (IHT) receipts totalled £4.7 billion in 2015/16, a 22% increase on the previous year.**

Without taking inflation into account, this is the highest receipts have been since the IHT system was introduced in 1986.

The Office for National Statistics cites several reasons for the rise:

### Property prices

Property makes up around 30% of the value of taxpaying estates. Increases in property prices over recent years are reflected in increased IHT revenue.

### No change in the nil-rate band

A greater number of estates were valued above the IHT threshold of £325,000, which has been frozen since 2009.

### Number of deaths

There were 17% more deaths in the last 3 months of 2014/15 compared to the same period the previous year.

### Family home allowance

Although the IHT threshold will remain at £325,000 until at least 2020/21, an additional nil-rate band for property will be introduced in April 2017.

The 'family home allowance' of £100,000 per person will allow individuals to pass on assets including a family home worth up to £425,000 to direct descendants. It will increase by £25,000 each tax year until it reaches £175,000 in 2020/21.

Married couples and civil partners will be able to combine their allowances.

The allowance will be tapered by £1 for every £2 on estates with a net value of more than £2 million.

People who downsize or sell their home on or after 8 July 2015 will also be eligible for the family home allowance.

 [Talk to us about minimising IHT.](#)