

CLAIMING NATIONAL INSURANCE BREAKS AND FINANCIAL INCENTIVES

National Insurance contributions for apprentices under 25

Employer National Insurance contributions will increase to 15% from April 2025. However, employers can benefit from not paying their contributions for apprentices aged under 25. This move aims to boost workforce development and encourage investment in young talent.

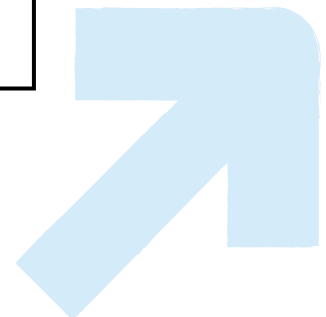
Employers may not need to pay Class 1 National Insurance contributions for an apprentice, if the apprentice:

- is under 25 years old
- is on an approved UK government apprenticeship standard or framework (these can differ depending on UK country)
- earns less than £967 a week (£50,270 a year)

Estimated savings

The below estimates are based on minimum wage and employer NI contribution rates from April 2025; and are based on a 40 hour working week.

Minimum wage (MW) (April 2025)	Annual wage	Employer NI
Apprentice MW - £7.55/hour	£15,704	£1,605
18-20 year-old MW - £10.00/hour	£20,800	£2,369
National Living Wage (21+) - £12.21/hour	£25,397	£3,059



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Evidence needed

If your apprentice meets the conditions listed above, you'll need evidence to apply for national insurance relief. Evidence can be either:

- a written agreement between you, the apprentice and a training provider
- evidence that government funding is received for the apprenticeship (England and Wales only)
- this evidence should have been generated by your training provider in the enrolment of your apprentice. If you do not have a copy please contact them

The written agreement must show:

- the apprenticeship standard
- a start and (expected) end date for the apprenticeship

If the training provider has not signed the written agreement, they'll need to give you a document stating:

- that they're an approved (recognised) training provider
- what training the apprentice is undertaking
- what training has already been completed by the apprentice

Alternatively, in England and Wales, you can provide evidence of government funding for the apprenticeship.

Evidence of funding can be either:

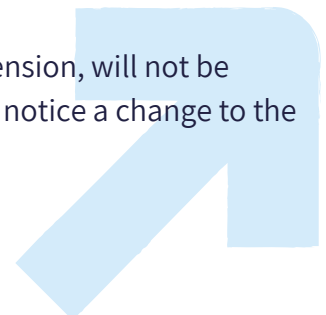
- a declaration that you will receive apprenticeship incentive payment
- the employer payment schedule to the provider

You can be both an employer and training provider if you've been approved by the Department for Education (England), or hold a contract for the delivery of Apprenticeships in Wales.

What you can tell your employees

Employees will continue to pay the standard rate of Class 1 National Insurance contributions through their salary. They will not see any reduction in their payments, only the employer will benefit from this change.

The employee's entitlement to contributory social security benefits, including the State Pension, will not be affected and neither will their entitlement to statutory payments. Existing employees may notice a change to the National Insurance category letter on their payslip.



National Insurance contributions category letters to use

You will need to inform whoever is responsible for your payroll operations, that the individual is on an apprenticeship, and that their National Insurance category letter should be one of the following:

Category letter	Apprentice conditions
H	Apprentice standard rate contributions, if your apprentice is under 25 and in an approved apprenticeship standard
G	If your apprentice is a foreign-going mariner and is under 25

When the statutory apprenticeship stops or your apprentice turns 25 you'll need to use a new category letter.

The apprentice rate only applies to payments which are liable for Class 1 secondary National Insurance contributions.



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Financial incentives

You can get £1,000 to support your apprentice in the workplace if, at the start of their apprenticeship training, they are one of the following:

- 16 to 18 years old (or 15 years old if the apprentice's 16th birthday is between the last Friday of June and 31 August)
- 19 to 24 years old with an education, health and care (EHC) plan
- 19 to 24 years old and have been in care

You can spend it on any costs related to their employment, for example their salary, travel costs or uniform.

How and when you'll be paid

The training provider will pay you once they've confirmed that an apprentice is eligible. You'll be paid in 2 instalments of £500.

You'll get the first payment 90 days after the apprenticeship started and the second payment one year after the apprenticeship started. (Training providers must pay you within 30 working days of receiving the money from the government.)

You'll only get paid if the apprentice is still employed by you when the payment is due.

If an apprentice has an education, health and care (EHC) plan or has been in care, the training provider must get the apprentice's agreement before sharing this information with you. The training provider will also need this agreement before making any payments to you.

