

Rt Hon Robert Halfon MP
Minister of State
Department for Education
Sanctuary Buildings
Great Smith Street
London SW1P 3BT

4 August 2016

Dear Minister

Apprenticeship Levy – implications for the charity sector

Congratulations on your appointment as Minister of State at the Department for Education. We look forward to working with you on tax issues relating to higher education, apprenticeships and skills.

The Charity Tax Group (CTG), which I chair, has over 500 members of all sizes representing all types of charitable activity. We were established in 1982 to make representations to Government on charity taxation and have since become the leading voice for the sector on this issue.

CTG supports the Government's intention to increase productivity by increasing the number of apprentices in the workplace. But we have serious concerns about the extent to which the Apprenticeship Levy, in its current form, can be utilised by the charity sector. Similarly, donors will be concerned that their generosity is funding unused levy contributions, which will then fund the apprenticeship schemes of others rather than being applied for the purpose they intended.

We recognise that there is little prospect of an exemption for charities so we urge the Government to give the following proposal serious consideration.

CTG is calling on the Government to support accredited volunteer training and associated expenses.

Many charities do not currently employ apprentices and, in some cases, doing so on a sufficient scale to fully utilise the levy would be neither realistic nor appropriate. On the other hand, volunteers are the lifeblood of the charity sector, and in many charities they outnumber the paid staff by a considerable margin. Volunteers provide a very effective and productive workforce however they are not, by definition, 'employees'. Extending the legislation to include charity volunteer training would be an effective way of using this funding and would meet the intentions that the levy should increase

The voice of charities on Tax

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While all efforts are made by the Charity Tax Group to give assistance to its members, it is not qualified to give technical advice on fiscal matters and cannot therefore be liable in any way for any such advice given.

the skills of our workforce. In particular, resources could be focused towards encouraging younger people to get involved in volunteering, thereby playing a role in the up-skilling of the country's younger workforce.

CTG is calling on the Government to permit charities to assign to other charities any unused levy credits.

To the extent a charity is unable to utilise its credit we ask that the charity be able to assign the credits in its digital account to an organisation which it is supporting as part of its charitable purpose. Again, this would enable donated monies to be applied for charitable purposes.

CTG urges the Government to delay the April 2017 implementation date.

Finally, the continued delays to the publication of guidance have led many of our members to express concerns about their readiness for the introduction of the Apprenticeship Levy from April 2017. Without guidance, and lacking clarity on a number of technical and practical points relating to the implementation of the Apprenticeship Levy, they will not have sufficient time to put in place the necessary structures for providing apprenticeships and will therefore forfeit the funds in their digital accounts. CTG urges the Government to delay the April 2017 implementation date or, at the very least, to allow charities longer than 18 months to make use of their levy contributions.

We would welcome the opportunity to continue our discussions with your officials on these issues.

If you require any additional information, please do not hesitate to contact the CTG Secretariat at 02072221265 or info@charitytaxgroup.org.uk

Yours sincerely



John Hemming
CTG Chairman

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