

The traditional view of an apprentice might be a young person tagging along with an experienced tradesman, typically in the construction industry. Times have moved on!

Nowadays, apprenticeships can offer a gateway into a variety of careers – even tax itself! They are also not only for younger school or college leavers, many apprentices being people who are looking to change career or develop skills to improve their earnings potential. More can be found about tax apprenticeships in the careers section of the [Association of Taxation Technicians' website](#).



This factsheet aims to alert you, as an apprentice, to possible tax and related issues.

How much will I be paid as an apprentice?

There is no set rate, so your earnings will depend on your contract of employment. But there is a National Minimum Wage (NMW) – the lowest amount which employers should legally pay workers who are entitled to it. So you should know your rights, and if you think you are not being paid enough, what you can do about it!

There are four NMW rates and the National Living Wage (NLW). These rates used to change from October, but now change from April. The rates are:

Age	NMW per hour (£) from Apr '17	NMW per hour (£) from April '18
25 and over (NLW)	7.50	7.83
21 and over	7.05	7.38
18-20	5.60	5.90
Under 18	4.05	4.20
Apprentices*	3.50	3.70

** For apprentices aged 16-18 and those aged 19 or over who are in the first year of their apprenticeship. Apprentices aged 19 or over and past the first year get the 18-20 rate or 21 and over rate or the 25 and over rate above, per their age.*



More information can be found in our [National Minimum Wage factsheet](#).

Do I have to pay tax on my wages as an apprentice?

Yes, you do have to pay tax on the wages you earn, including any overtime payments, in the same way as other workers.

You can find out more on how the tax system for employees works, how tax is paid and how to check your Notice of Coding in our '[Working](#)' section.



I am sponsored on my training course. Do I pay tax on that income?

If you have to work for your sponsor in return for the payment, then you are most likely to be an employee and will have to pay tax on that income.

The sponsorship money will not be taxable if:

- you are simply paid a sum to attend a training course, without doing any work for, or only giving very minor assistance to, the sponsor, **or**
- You are a sandwich course student and **all** of the following conditions are satisfied:
 - ◇ your course is full time at an educational establishment open to the general public,
 - ◇ you are required to attend tuition for at least 20 weeks on average in the academic year,
 - ◇ the course lasts at least one academic year, **and**
 - ◇ the total payment made to you for the academic year (excluding fees to the educational establishment) are not more than £15,480.

If you are paid by your sponsor for work carried out over your vacations then you will pay tax on that income.



Do I have to pay National Insurance contributions on my wages as an apprentice?

Everyone aged between 16 and state retirement age pays National Insurance contributions on their earnings. As we explained for income tax above:

- if you earn wages, then you will be due to pay National Insurance contributions;
- but if instead you are paid sponsorship, and satisfy the conditions shown above, then you will not have to pay National Insurance contributions.

You can check the level of contributions payable and find out more about National Insurance in our '[Working](#)' section.

Can apprentices claim tax credits?

There are two types of tax credit – Working Tax Credit (WTC) and Child Tax Credit (CTC). The tax credits system is gradually being replaced by 'Universal Credit' but the change over will not be complete until 2021, so in the meantime some people will stay as tax credits claimants. If you are taken on as an apprentice, it could affect your entitlement.

Tax credits entitlement is based upon:

- whether you are single or part of a couple
- how many children you care for
- working hours
- childcare costs
- any other relevant personal details.



Can apprentices claim tax credits? (continued...)

Apprenticeships and tax credits can be a tricky subject. As a general overview, if you are single and have no children, then to be entitled to WTC, you will need to be:

- at least 25 years old and in 'remunerative' work for at least 30 hours per week; or
- at least 16 years old and working at least 16 hours per week, if you have a physical or mental disability which puts you at a disadvantage in getting a job; or
- at least 60 years old and working for not less than 16 hours per week.

The hours requirements are different if you have children or are part of a couple. For a full list of the requirements see: www.gov.uk/working-tax-credit/eligibility.

What is 'remunerative' work for tax credits and does being an apprentice count?

If you're working the required number of hours, the next important thing to work out is whether your work as an apprentice will count as 'remunerative' work for tax credit purposes. In other words, are you actually being paid for the work you do or are you only getting an allowance or expenses reimbursed?

You should have a contract of employment for your apprenticeship. As a broad rule, HMRC say that a person attending a scheme where their payment is classed as earnings (as opposed to reimbursement of expenses) and subject to income tax and National Insurance contributions can consider that the hours they spend working should be regarded as 'remunerative'. But a person who receives only a training allowance will not normally be classed as being in remunerative work and so will not be able to claim WTC using those hours. The only exception to this is if the training allowance is taxable. If it is, then you can claim WTC. Similar rules apply for other back to work schemes. Full details can be found on the GOV.UK website: www.gov.uk/working-tax-credit/eligibility#3.

How do I claim tax credits?

Provided you are receiving earnings rather than a training allowance (unless it is taxable) and you work the required number of hours, you should be entitled to claim WTC.



We advise that you contact the tax credits helpline on **0345 300 3900** and explain your situation.



Make a note of the date, time and any advice given in case of later query.



More information can be found on the GOV.UK website

www.gov.uk/browse/benefits/tax-credits

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