

Wage incentive scheme frequently asked questions

I've recently filled a vacancy with a young person who might qualify for a wage incentive. Can I claim an incentive for them?

No. The aim of the wage incentive scheme is to encourage employers to give young jobless people a chance in a weaker market and fill vacancies with young people. If the young person is already in work the wage incentive should not be necessary.

I'm a small business and my cash flow means I can't wait 26 weeks. Can I claim the incentive earlier?

Any business with fewer than 50 employees can choose to make a claim for the incentive after eight weeks of employment. A payment of £700 which equates to eight weeks of the wage incentive will be made to help cash flow (£350 for part-time work).

Will employers need to supply evidence to support their claims?

Yes, but this will be minimal. Payment will be based on evidence that the 18-24 year old has been in employment with the employer shown on the original form issued at the beginning of the period by the Work Programme provider or Jobcentre Plus. The employer will only be asked to provide copies of the individual's pay statements/slips for the period being claimed.

Are wage incentives taxable?

In the UK it is general tax policy (and law) that revenue received in a business capacity is taxable as a business receipt. This principle is applied to grants in the same way as other sources of income – hence the statement in the HMRC manual BIM40455 that the treatment for tax purposes of grants and subsidies from UK government departments, local authorities etc follow normal principles.

Can the young person attract more than one wage incentive?

Not usually – generally if a wage incentive has been paid, that young person will not be eligible for further wage incentive support. However there are some exceptions, for example training funding may be available as well as a wage incentive. For more information contact Jobcentre Plus on: 0845 601 2001 (option 2). Textphone 0845 601 2002 for people with speech or hearing impairments.

England only

What's the difference between wage incentives and Apprenticeship Grant for Employers? (AGE 16 to 24) Can I claim both for employing the same person?

The incentives have different purposes and different target groups. The wage incentive is for unemployed 18-24 year olds.,

AGE 16 to 24 is expressly intended to enable small employers, who have not previously taken on apprentices, to benefit from the Apprenticeship programme and recruit any young person as long as they are aged 16 to 24 years old. In situations where it is possible both incentives could be claimed, employers must choose which funding they wish to access. For more information on AGE 16-24 see: <http://www.apprenticeships.org.uk/Employers/Steps-to-make-it-happen/Incentive.aspx>.

Wales only

What's the difference between wage incentives and Jobs Growth Wales? Can I claim both for employing the same person?

Wage incentives are designed to encourage recruitment into real, sustainable jobs. The scheme is administered by Jobcentre Plus and Work Programme providers. Most wage incentives are paid after the young person has been in work for 26 weeks, with small employers being able to claim a part payment after eight weeks.

Jobs Growth Wales caters for young people who are job ready but have had difficulty getting work. The Jobs Growth Wales programme provides unemployed young people aged 16 to 24, with a job opportunity for a six month period paid at national minimum wage for a minimum of 25 hours per week. It is not possible for these different types of funding to be combined when employing the same young person. For more information on Jobs Growth Wales see: <http://wales.gov.uk/topics/educationandskills/skillsandtraining/jobsgrowthwales/?lang=en>.