JC payrollservices

Connected Companies: Employment allowance and apprenticeship levy

A simple guide to when companies are treated as connected, and why this matters for payroll.

At a glance

- Connected companies are common, especially in groups or businesses under shared control.
- Only one connected company can claim Employment Allowance.
- Connected companies also share one £15,000 Apprenticeship Levy allowance across the group.

What counts as connected?

- One company controls another company.
- The same person, or the same people, control more than one company.
- The same connected company rules are used for Employment Allowance and the Apprenticeship Levy.

Employment Allowance

- Eligible employers can reduce their employer National Insurance bill by up to £10,500 per tax year.
- If companies are connected, only one company in the group can claim the allowance.
- A single-director company cannot usually claim if the director is the only employee paid above the threshold.

Apprenticeship Levy

- One company controls another company.
- The same person, or the same people, control more than one company.
- The same connected company rules are used for Employment Allowance and the Apprenticeship Levy.

What we need from you

- Tell us if your company is connected to any other companies or charities.
- Confirm which company should claim Employment Allowance, if eligible.
- Confirm how the Apprenticeship Levy allowance should be split, if the levy applies.

Useful links

- Employment Allowance guidance
- Apprenticeship Levy guidance