

General Communication about the new rules around "off-payroll" workers - Additional Information

Where, in the absence of the Personal Service Company (PSC), the worker would have been regarded as an employee of the University, the University (or the agency) will be required to treat payments made to the PSC as if they were earnings paid to the worker from an employment with the University and will be required to account for PAYE and National Insurance (both employee and employer) to HMRC on the payments made to the PSC.

Therefore it is vitally important that where you are engaging personal services you must consider who you are engaging with (entity that will be paid) and what they will be doing.

Example 2:

J Bloggs has a personal service company (Excel IT Ltd) through which he provides his services as an IT specialist. He uses an agency to secure his assignments (IT R US Ltd) SHU engages J Bloggs, via IT R US Ltd, for a period of 6 months to cover the maternity leave of a member of staff. He is to all intents and purposes an employee (his work is directed and controlled by SHU). SHU is invoiced for J Bloggs' services by IT R US Ltd. IT R US Ltd pays Excel IT Ltd for J Bloggs' services.

Under the new rules SHU will need to determine that J Bloggs falls under the new rules and inform IT R US Ltd, so IT R US Ltd deduct PAYE and Employee's National Insurance Contributions (NICs) from the payments made to Excel IT Ltd and will pay these amounts and Employer's NICs over to HMRC.

Headlines

- New rules have been introduced around "off -payroll" workers that are applicable to public sector organisations (including universities)
 - The rules apply to services being supplied to the University through a "personal service company" (PSC)
 - Where, in the absence of the PSC, the provider of the services would have been regarded as an employee of the University
 - In these circumstances the University will have to deduct PAYE and National Insurance Contributions (NICs) from the payment it makes to the PSC
 - The PAYE and NICs will be paid to HMRC along with Employer's NICs and Apprenticeship Levy
 - Where services are engaged through an Agency, but the Agency is paying a PSC, the University has to tell the Agency if the rules apply and then they deduct the PAYE and NICs
 - If you are aware of any arrangements currently, or in the last 12 months, that may fall under the new rules please contact Financial Accounts (! FIN Financial Accounts)
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- ✓ an individual is providing services
 - ✓ services are that of an employee
 - ✓ we are paying a company / other intermediary