



HM Revenue  
& Customs

## What's new for employment intermediaries?

# Why is HMRC focusing on employment intermediaries?

- A history of non-compliance with PAYE and NICs rules by agencies
- Marketing of avoidance schemes involving offshore umbrellas and agencies. Some schemes looked more like evasion than avoidance
- Phoenixism – running up tax and NIC debts and when caught folding the company
- Companies “offshoring” employment contracts to tax havens to circumvent domestic liabilities
- False self employment
- Unfair competitive advantage by those agencies who do not operate by the rules



# Government acts to tighten rules in legislation:

## From 6 April 2014

- New legislation removed the need for “personal service” to be present before an obligation to deduct PAYE and Class 1 NICs could arise. This meant that the rules could no longer be circumvented by placing a “right of substitution” into a contract.
- The PAYE **obligation** has moved 'up the supply chain' from the intermediary that actually pays the worker to the intermediary/employment business that holds the contract to supply the worker to the end client.
- Where an intermediary supplies workers to a client and there is a right of supervision, direction or control over what the worker does (by the intermediary or the end client), the intermediary must operate PAYE on payments to the worker.
- If there is an offshore intermediary involved, the agency in the UK with the contract with the end client is required to operate PAYE if this is not done by the offshore intermediary. (If there is no onshore intermediary the responsibility rests with the client).

# Employment Intermediaries Reporting

From 6 April 2015

- Intermediaries must return details of all workers they place with clients where they don't operate Pay As You Earn (PAYE) on the workers' payments
- If you only introduce workers to clients or supply workers to other intermediaries, and you aren't involved in any arrangements that follow, you don't need to send HMRC any reports.
- Intermediaries must file a quarterly online return with specified information about workers and their engagement
- Enables HMRC to look at who is operating PAYE and who is not and identify businesses engaged in false self employment

Guidance is at [gov.uk](http://gov.uk)> SEARCH>Employment Intermediaries

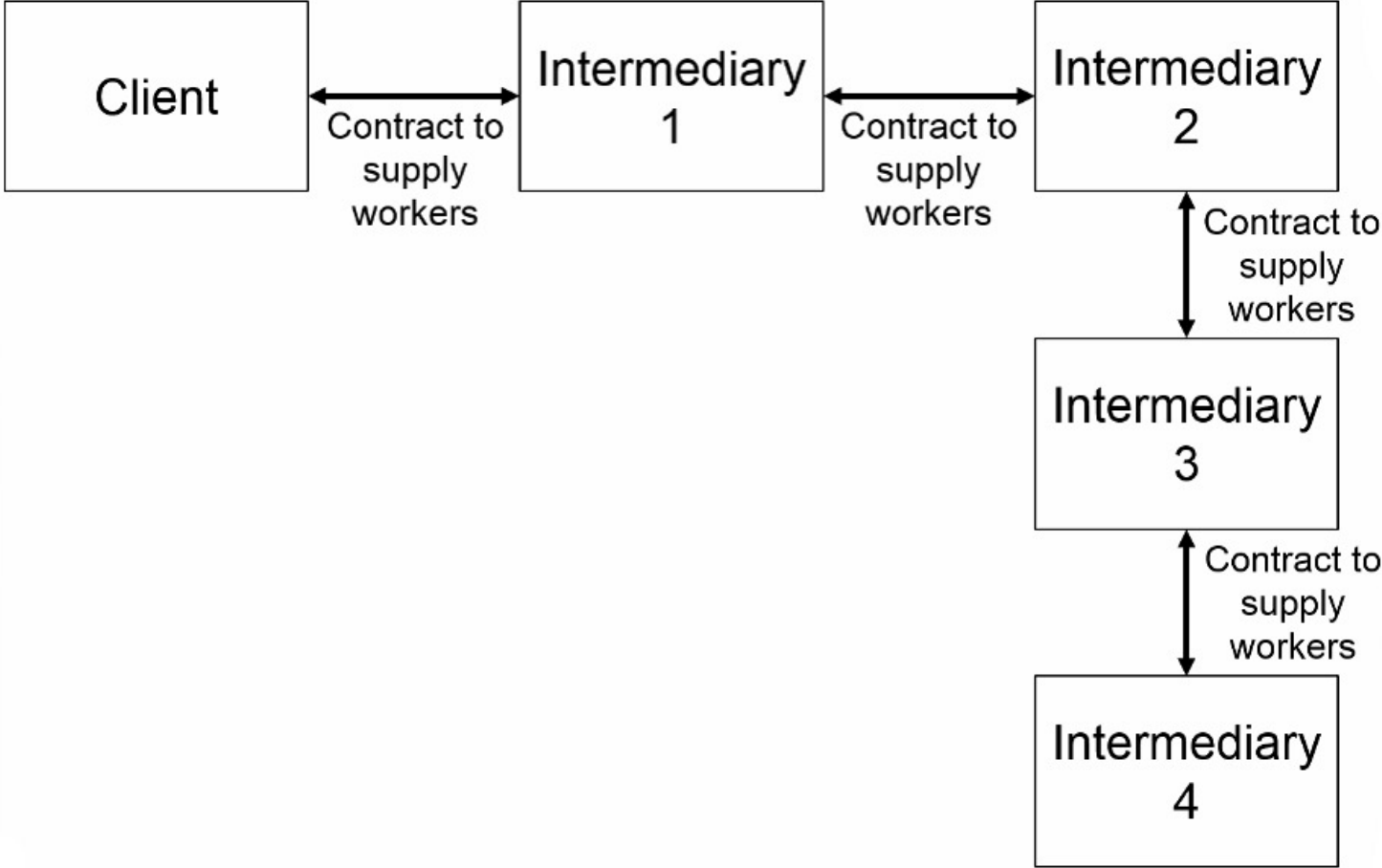
# Who has to file?

You will have to file if you:

- Are an agency ( this does not just mean an employment agency – it is any third party who supplies workers to a client.)
- Have a contract with a client
- Provide more than one worker’s services to a client because of your contract with that client
- Provide the worker’s services in the UK - or if the services are provided overseas, that the person is resident in the UK
- Make one or more payments for the services (including payments to third parties)
- Have not included that worker in a PAYE Real Time Information return
- Are in a supply chain with more than one party. It is the agency at the end of the chain, the one with the contract with the end client that has to file.



# Who has to file – example



# What do I have to report?

- Your details – Name, address, postcode, employers PAYE ref
- Worker details – Name, Address and postcode. NINO (or DoB and gender). If you are treating the worker as self employed – their Unique Taxpayer Reference
- Engagement Details – when they worked for you – start and end dates
- Payment details if PAYE has not been operated by someone within the supply chain – amount paid and who you paid ( this could be a business you paid to supply you with the worker).
- Reason why your business has not operated PAYE on the payments (select from a drop down menu)
- Whether VAT was included in the payment.
- Companies House registration number if you paid a company.



# How do I file?

You must use the special template – you can access here:

<https://www.gov.uk/government/publications/employment-intermediaries-report-template>

It is a simple spreadsheet.

- You complete and file online. You need:
- An HMRC online account - the Government Gateway account
- A PAYE reference
- An accounts office reference

If you fail to file on time you can be charged a penalty.





# When do I file?

Reporting period	Deadline date	Latest date by which you can amend a report
6 April to 5 July	5 August	5 November
6 July to 5 October	<b><u>5 November</u></b>	5 February
6 October to 5 January	5 February	5 May
6 January to 5 April	5 May	5 August



# What are we doing with the information?

- Employment Intermediaries Coordination Unit to coordinate a significant compliance effort against non-compliant businesses
- Our priority is to identify businesses that have not filed a return but who we think should have done.
- We will use the return information for our compliance purposes to ensure intermediaries are complying with both the 2014 legislation changes and 2015 filing obligations.
- There are penalties for non-filing, late filing and incorrect returns



The next filing date is the 5<sup>th</sup> of  
November.



Thank you!

# Questions?

Contact us..

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