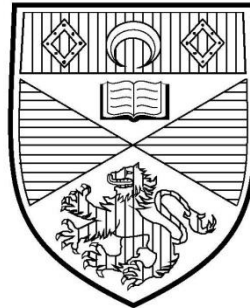




Off- Payroll Workers Engager Guidance Notes



University of St Andrews

Procedure Note: Off-Payroll Workers

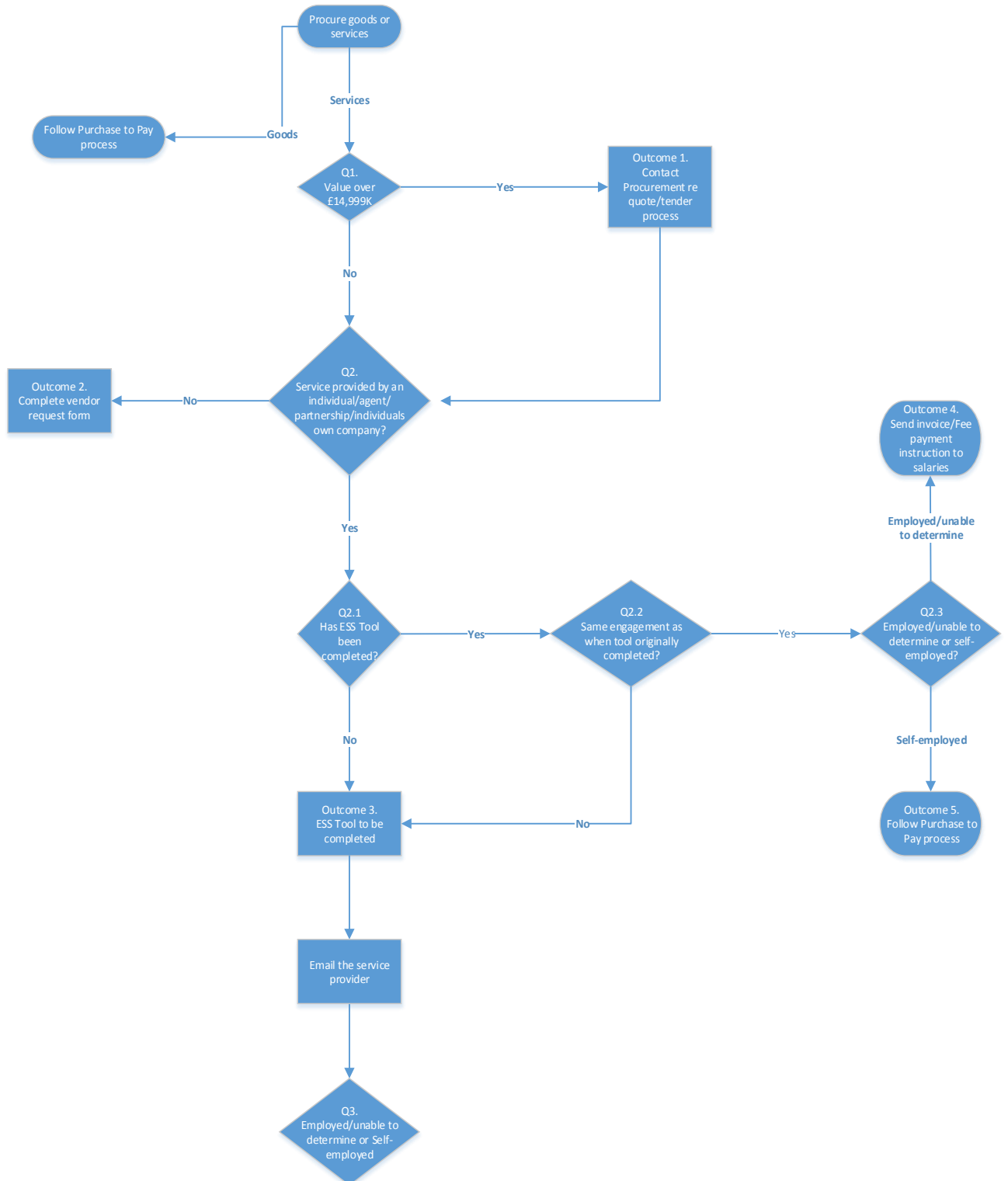
Version	Date Last Updated	By: Post	Post Holder	Main amendments
1	28/03/2017	Project Accountant	Yvonne Laird	Original version
2	04/05/2017	Project Accountant	Yvonne Laird	Change to flowchart

Contents

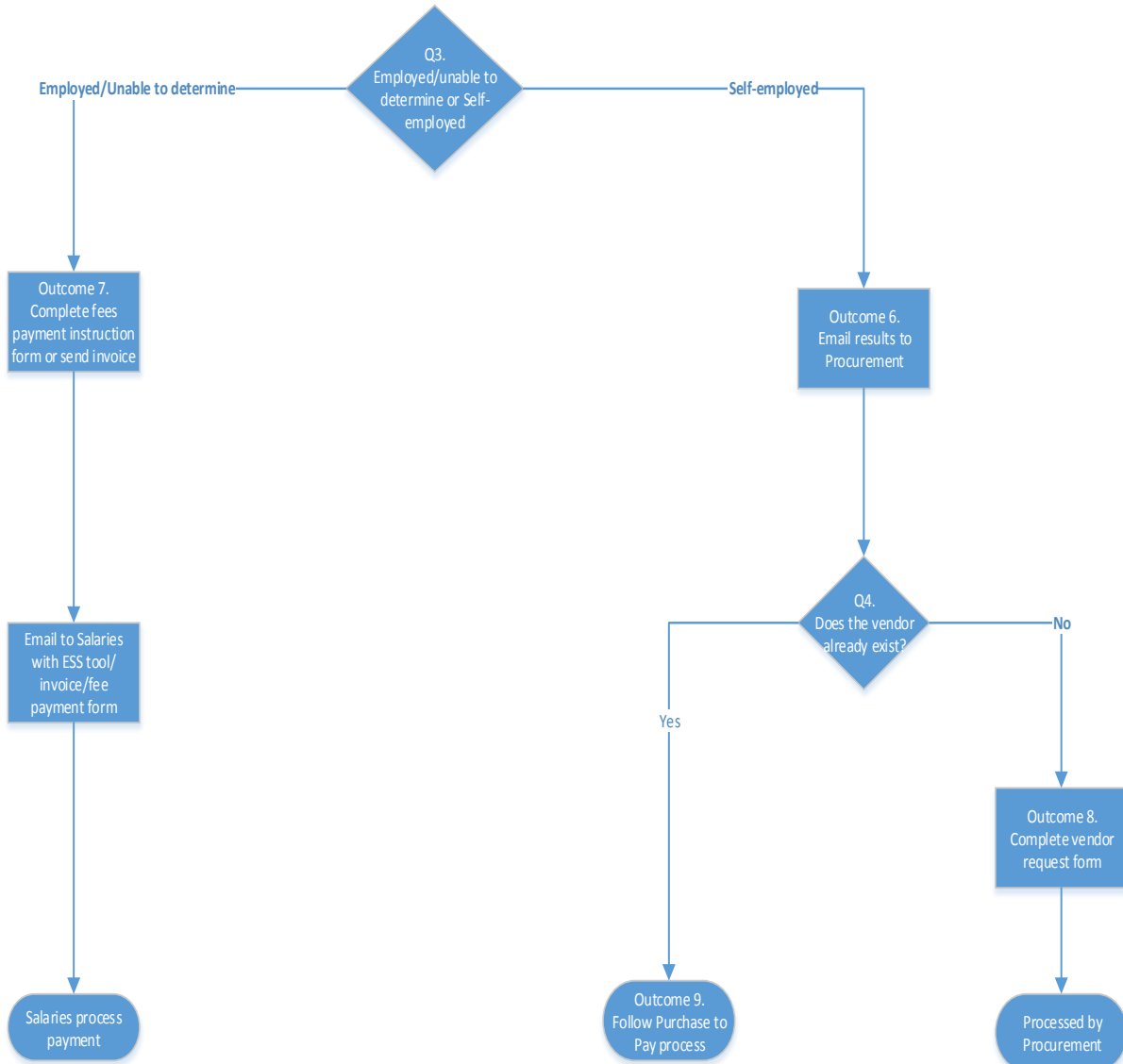
Item	Description	Completed	Page
1	Flowchart	✓	on page 4 <u>2</u>
2	Objective of Process	✓	on page 4
3	Background Information	✓	on page 4
4	Dependencies	✓	on page 4
5	Flowchart Guidance	✓	on page 5
6	Queries	✓	on page 6
7	Appendices	✓	on page 7



1. Flowchart



Question 3 is the start point of the flowchart on the next page.





2. Objective of Process

The objective of this process is to ensure that the University complies with the new HMRC legislation regarding off-payroll workers.

3. Background Information

New legislation

The new rules operate in respect of payments made on or after 6 April 2017. This means that they are relevant to contracts entered into before 6 April 2017 but where the payment for the work is made after 6 April 2017. The change in legislation now makes it the responsibility of the University to determine whether there is an employment relationship. If there is, then we must account for the individual's tax, Employee NIC and Employer NIC through our payroll system. The new legislation is referred to as off-payroll worker rules.

Who is affected?

The new legislation has been put in place to ensure that individuals providing services either as an individual, partnership, through an agency or through their own company, pay employment taxes in a similar way to employees as if they were in fact employed.

How will the employment status be determined?

HMRC have provided a new online tool to help determine the employment status of an individual. The person who engages with the individual will have the most knowledge about the individual circumstances of the engagement and is therefore the most appropriate person to complete the form and obtain the status assessment. **The tool cannot be completed by the individual who is being engaged to perform the work.**

4. Dependencies

Before completing the online tool, you will need to know:

- The worker's responsibilities
- Who decides what work needs done
- Who decides when, where and how the work is done
- How the worker will be paid
- If the engagement includes any benefits or reimbursement for expenses



5. Flowchart guidance

When using the flowchart the guidance below will provide additional information.

Note 1: If you are procuring goods the normal Purchase to Pay process should be followed details can be found at the following link: <https://www.st-andrews.ac.uk/media/restricted/procurement/intranet/procurement-financial-operating-procedure.pdf>

Q1. Is the value of over £14,999.00?

Outcome 1. Follow the quote/tender process details can be found at the following link: <https://www.st-andrews.ac.uk/media/restricted/procurement/intranet/procurement-financial-operating-procedure.pdf>

Q2. Are the services being provided by an individual/agent/partnership/an individual's own company set up as a limited company?

Individual – someone who is self-employed

Agent – we employ someone through an agency

Partnership – company owned by partners

Individuals own company – provides services through a limited company but it is actually an individual providing services.

Note 2: Large companies who employ multiple staff to perform services on behalf of the company are not caught under the new legislation, such as KPMG (accountants) or Thornton's (lawyers) these invoices can be processed in the normal way without completing the ESS tool.

Outcome 2. Complete the online New Vendor Request Form which can be found at the following link: <http://www.st-andrews.ac.uk/staff/money/procurement/buyernetwork/newvendor/>

Q2.1 Has the ESS tool been completed for this service provider?

Q2.2 Is this the same engagement as when the tool was originally completed?

Have the terms of the contract changed since you last engaged with the service provider?

Outcome 3. Complete the ESS tool which can be found at the following link: <https://www.gov.uk/guidance/check-employment-status-for-tax>. Based on the outcome of the tool send an email to the service provider advising them of the outcome of the tool. Sample emails can be found in Appendix 2.

Q2.3 If this was the same engagement, was the outcome of the tool employed/unable to determine or self-employed?



Outcome 4: Send invoice or fee payment instruction form to Salaries at the following email address: salaries-external@st-andrews.ac.uk. The fees payment instruction form should be authorised in the usual way, either signed or sent from an authorised signatories email address.

Outcome 5: Follow the Purchase to Pay process detailed in note 1 above.

Q3. Was the outcome of the tool employed/unable to determine or self-employed?

Q3.1. Is the supplier a Limited or VAT registered company?

Outcome 6: E-mail the results to Procurement at the following email address: procurement@st-andrews.ac.uk

Outcome 7: Complete the Fees Payment Instruction Form or send the invoice along with the ESS tool to Salaries at the following email address: salaries-external@st-andrews.ac.uk. Details on how to save the ESS tool as a PDF document can be found in Appendix 1.

Q4. Does the vendor already exist?

Outcome 8: Complete the online New Vendor Request Form which can be found at the following link: <http://www.st-andrews.ac.uk/staff/money/procurement/buyernetwork/newvendor/>

Outcome 9: Follow the Purchase to Pay process detailed in note 1 above.

6. Queries

If you have any queries regarding Off Payroll Workers, please contact the Salaries Office salaries-external@st-andrews.ac.uk.



7. Appendices

Appendix 1: How to print the ESS tool to PDF

Once the tool has provided you with an outcome please select the 'print a copy for your records'.

! HMRC will not keep a record of this transaction for security reasons.

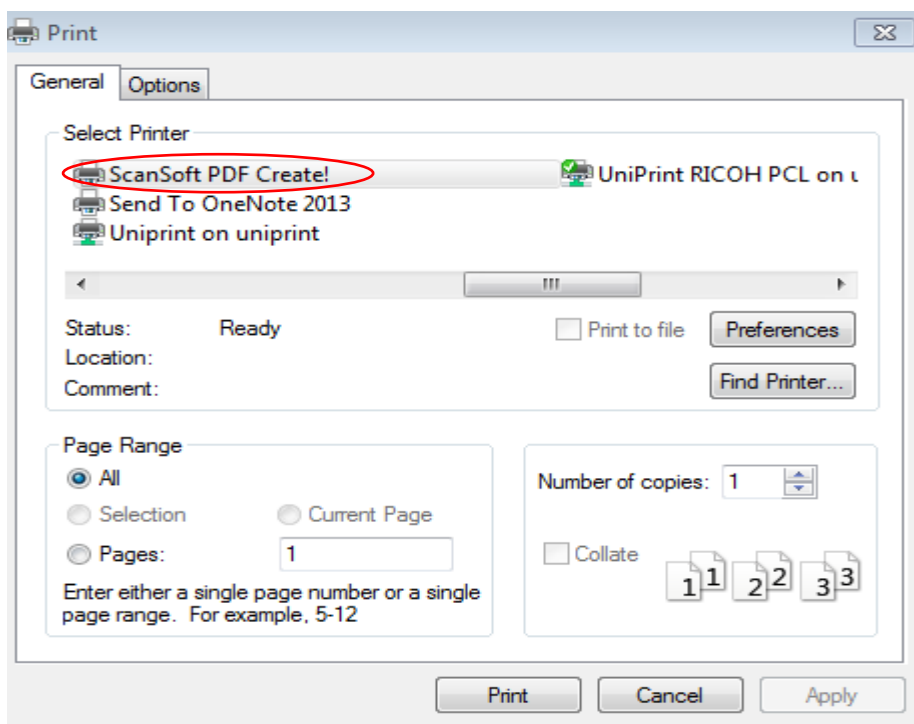
Please [print a copy for your records.](#)

Enter the following details:

- Name of the person that completed the check
- End client's name
- Engagement job title
- Reference (worker's name)

Select continue.

You will then be prompted to select your printer select ScanSoft PDF Create!



You will then be asked to save the PDF file.



Appendix 2 E-mail templates

Off Payroll Workers

To assist with the changing legislation regarding off payroll workers, engagers may wish to issue the following communication to service providers depending on the outcome from the Employment Status Tool.

A: Deemed a Worker (the intermediaries legislation applied to this engagement)

Dear

As you may be aware, with effect from 6 April 2017, tax changes have been introduced that require the University to undertake an assessment of all individuals who provide a service to the University and traditionally were classed as self-employed.

The University has undertaken an assessment of the services provided by you, using the HMRC Employment Status Tool <https://www.gov.uk/guidance/check-employment-status-for-tax>. The Employment Status Tool has deemed you as a **worker**. As a result of this, the payments made to you will be subject to tax and National Insurance. A copy of the outcome is attached for information.

If you believe you have been taxed incorrectly, you can submit a repayment claim to HMRC. HMRC will then determine if you are due a repayment of Income Tax or NICs. Please refer to guidance on [tax overpayments and underpayments](#).

A discussion will take place with Human Resources regarding this outcome to ensure all necessary obligations are being met. In the meantime, any payment requests submitted will be subject to tax and National Insurance.

If you have any queries regarding this outcome, please contact Salaries-external@st-andrews.ac.uk.

B: Unable to determine

Dear

As you may be aware, with effect from 6 April 2017, tax changes have been introduced that require the University to undertake an assessment of all individuals who provide a service to the University and traditionally were classed as self-employed.

The University has undertaken an assessment of the services provided by you, using the HMRC Employment Status Tool <https://www.gov.uk/guidance/check-employment-status-for-tax>. The Employment Status Tool has been **unable to determine your employment status**. As a result of this, the payments made to you will be subject to tax and National Insurance. A copy of the outcome is attached for information.

If you believe you have been taxed incorrectly, you can submit a repayment claim to HMRC. HMRC will then determine if you are due a repayment of Income Tax or NICs. Please refer to guidance on [tax overpayments and underpayments](#).

If you have any queries regarding this outcome, please contact Salaries-external@st-andrews.ac.uk.



C: Self Employed (this engagement should be classed as self-employed for tax purpose)

Dear

As you may be aware, with effect from 6 April 2017, tax changes have been introduced that require the University to undertake an assessment of all individuals who provide a service to the University and traditionally were classed as self-employed.

The University has undertaken an assessment of the services provided by you, using the HMRC Employment Status Tool <https://www.gov.uk/guidance/check-employment-status-for-tax>. You have been deemed as **self-employed**. As a result of this, the payments made to you will not be subject to tax and National Insurance. A review of this status will need to be undertaken if the status of this engagement varies or changes.

If you have any queries regarding this outcome, please contact Salaries-external@st-andrews.ac.uk.