

Onshore Employment Intermediaries: False Self-Employment - Guiding you through the new CIS-related legislation

As experts in the construction industry, Earn Extra is making its contractors, agencies and client companies aware of the legislation changes that come into force from 6 April 2014 and are designed to tackle 'false self employment' across all sectors, including those operating under the Construction Industry Scheme (CIS).

At present intermediaries like Earn Extra are used by companies to facilitate the payment of self-employed contract workers, as there is no requirement to pay Employer National Insurance, or indeed other employment-related costs like holiday and sick pay, redundancy, pension contributions and PAYE tax.

The new 'Onshore Employment Intermediaries: False Self-Employment' legislation will make it very difficult for individuals to be paid on a self-employed basis where an intermediary is in the 'chain'. This is designed to ensure that people appointed by or through an intermediary will receive the same benefits as someone who is appointed directly by the employer.

HMRC will be incorporating a 'control test', laid out in the Finance Bill 2014, which will apply to all contractors who are on agency contracts from 6 April 2014.

The test assumes that contractors are employees for the purposes of income tax and NICs, unless it can be proved by the agency that they are not "under the control, direction and supervision" of the client. HMRC has issued extensive guidance, which can be found by clicking [here](#).

Going forward, all agencies and organisations in the supply chain will deduct income tax and NICs at source via Pay As You Earn (PAYE) from all limited company and umbrella company contractors. The reporting obligation will not come into force until the first quarter of 2015/16 (first return due by 5 August 2015)

Earn Extra's operations director, Sharon Suttle explains: "The impact of the legislation will mean additional administrative costs for agencies. For contractors, we recommend that they make sure they are with a compliant umbrella service when the changes hit, as those using compliant umbrella service won't be affected.

"More than ever, agencies will be looking to develop relationships with compliant umbrella and limited company service providers who will be in a position to relieve the huge additional administrative workload of monitoring and reporting and we're here to help."

We want to make life simple and straightforward for you, call 01484 713147 and talk to one of our expert advisors who will be able to answer any questions you may have about this new legislation.

For more information about the 'Onshore Employment Intermediaries: False Self-Employment' legislation visit [gov.uk website](http://gov.uk)