

Beaters - Is There a Problem?

Casual earnings may not be subject to PAYE – Julie Butler explains

While the 'tax attack' on shoots has focused on VAT, many shoot organisers are also worried about the position concerning payments to beaters, who are typically engaged for a day's shoot as occasion demands. HMRC and the Country Land and Business Association (CLA) reached an agreement effective from July 1985 (yes, it has been in existence for over 20 years) and the CLA issued a briefing note to its members on 1 September 1997. The situation is principally: 'Please do not bury your heads in the sand, a reasonable agreement has been reached with all parties.'

The treatment provided by the agreement can only be applied to those beaters who are truly engaged on a casual basis. To be eligible they should not have any other more permanent connection with the estate, as any regular employee who chooses to do some beating cannot be treated as a daily casual. The same can be said for a person who does a significant amount of other casual work for the estate.

The agreement does not affect the way in which the employer record is treated with HMRC and there is a similar arrangement in place for casual harvest workers.

Practical problems will arise in trying to operate PAYE procedures for a short-term arrangement and HMRC recognise this. Most estates will not have more than 10 or perhaps 15 days at most in the whole year on which there will be shooting on a scale requiring beaters and, moreover, the shooting will be taking place at distinct intervals.

The agreement is that where a beater is engaged for one day or less and is paid in cash at the end of that day with no agreement for further days' work, PAYE is not applicable.

National Insurance contributions are a different matter. If a beater's casual earnings equal or exceed the National Insurance Lower Earnings Limit in any earnings period, the shoot will be required to keep National Insurance records, deduct primary and pay secondary National Insurance contributions, and complete forms P11 and P14.

At the end of the tax year a P35 return giving details of any person who has received in excess of £100 may be required.

All payments made to casuals, irrespective of the amount, should be recorded. These records will be useful anyway to satisfy the authorities that no PAYE liability arises.

Some local Inspectors of Taxes and PAYE Audit or Compliance Officers are unaware of the national agreement, which means employers are targeted for direct settlement of tax and National Insurance contributions. The local Tax Office should be reminded of the agreement if anyone comes across such problems (the official reference is paragraph emp4104 of the *PAYE Online Manual*).

Key factors revolve around the keeping of names and addresses, but with the pressure of health and safety regulations, together with insurance requirements, this is necessary in any event.

The other side of the coin is, how can those beaters who are 'truly engaged on a casual basis' deal with their individual tax liabilities?

The 'true countryman'

This is someone who devotes the whole of the shooting season to beating and picking up and probably spends the whole of the non-shooting season helping with harvest. Whilst day rates are low, and this is emphasized in torrential rain, such a person can enjoy not only great camaraderie, hospitality and a good income stream, but also some fine 'cock' days at the end of the season.

If all the badges of self-employment are there, this lucky fellow (or fellowess) should consider registering as self-employed. The rôle of beater is essentially a contract for services and there are a number of masters (each shoot organiser) and some essential tools of the trade, such as a 4x4 vehicle, a faithful black Labrador and a large stick. Whilst the beater is not employed and does not have to turn up to every day's shooting, the 'substitution' clause is very important as most serial beaters will provide a substitute.

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TaxAid Conference focuses on business tax issues

TaxAid, the tax advice charity, is holding another of its very worthwhile fundraising conferences for practitioners on the morning of Friday, 10 November, in central London. The speakers, who are all donating their time to TaxAid, will be:

- Aileen Barry, National Director of Tax Investigations with DLA Piper UK LLP and formerly of Inland Revenue Special Compliance Office, who will cover recent developments in the way HMRC approaches investigation work
- Marion Hodgkiss BSc, FCA, CTA, ATT, who will deal with Arctic Systems and other small company issues
- Robert Jamieson MA, FCA, CTA, of Mercer & Hole, whose topic will be 'Exit Strategies from the Family Business'
- Mark Morton BA, ATII, ATT, Head of Tax at Mercia, who will focus on the New CIS and employment status issues

The conference fee is £150 (+VAT). To book a place, or for further information, please telephone TaxAid's conference manager, Catriona McLellan, on 020 7803 4950.