

## PAYE and employers

### 162. Action plan for employers and self-employed workers

With the recent introduction of penalties for the late payment of PAYE there is no doubt that avoiding employed status for their workers could be an attractive option for small employers who are feeling swamped by the red tape. This could encourage more vigilant checks by HMRC on self-employed status. At a general level it is important for employers to be more careful, ensuring the self-employed status is genuine. A suggested plan of action is as follows:

1. Review all self-employed arrangements for temporary/seasonal and general staff.
2. Ensure all the paperwork is in place for the self-employed arrangement and is robust in demonstrating self-employed status, eg a contract for services with a substitution clause for the worker to provide someone to stand in if the self-employed worker not available (and this clause should be realistic given the circumstances).
3. Review the physical arrangements between the employer and worker in the service contract – who gives the instructions, whether there is a master/servant relationship, etc.
4. Review who provides the equipment.
5. Ensure the self-employed worker has adequate insurance in their self-employed capacity.

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