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FOR AGENCIES

# Off-payroll working in the Public Sector – Autumn Statement 2016

# Off-payroll working in the Public Sector

## Does this affect your recruitment agency?

Do you supply temporary workers to the public sector\*?

Are any of these workers using their own psc's?

If you answered yes to the above then you may need to implement huge process changes in less than 5 months. This could mean having to set up a whole new way of working, hire more staff, set up new hardware, carry out software implementations & integrations and more.

## Actions recruitment agencies will need to undertake

In order to comply with the new reforms, recruitment agencies will have to

- Use the HMRC online tool to determine each assignment for the contractors – whether it falls within or outside IR35
- Calculate, deduct and pay taxes for all the off-payroll workers that fall inside IR35. This includes Employer's NI, so rates may need to be adjusted
- Submit RTI reports for all the workers that fall within IR35
- Pay and bill payroll for workers falling outside the scope of IR35, followed by quarterly intermediaries reporting to HMRC.

At present there is a lack of information regarding HMRC's digital tool for testing the employment status, it has not been widely tested or viewed, and the chances of it not functioning perfectly cannot be ruled out.

## Options for recruitment agencies and public sector limited company workers who fall within IR35

Moving from a psc (or dsc model) to PAYE umbrella - the reduction in savings of using Flat Rate VAT, plus the removal of the 5% tax free allowance will mean the worker should be no worse off due to reduced costs, insurance being included, etc when using umbrella.

- EdenGroup umbrella is able to offer this service, without travel and subsistence, we can provide comparisons to demonstrate the difference in net pay. The benefit to the agency is that the worker is a PAYE employee of EdenGroup and the pay rate does not need to be adjusted.

Move workers from a psc to PAYE - use payroll software to calculate the deductions of taxes, run RTI reports and quarterly intermediaries reporting. For agencies that either currently do not have a PAYE payroll or do not want the burden of processing an increased PAYE payroll, EdenGroup have a number of solutions available:

- Evertime by EdenGroup is our bespoke software for all timesheets, back office pay & bill administration with links to Sage payroll. This software can be licenced for recruitment agencies to use themselves
- Outsource your PAYE to EdenEMPLOY, using EdenGroup's PAYE reference
- Outsource the whole of your pay & bill, back office and PAYE payroll function to EdenGroup Pay&Bill, removing all burdens of administration and leaving you to do what you do best.

\*Yet to be confirmed, but it is thought that this will include all public sector organisations that are covered by the Freedom of Information Act 2000 and the Freedom of Information (Scotland) Act 2002. This includes (but not restricted to) the following:

Government departments, legislative bodies, Armed Forces

Local Government

Police

Schools and further and higher education institutions

National Health Service

Other public bodies including BBC, Channel 4 and The British Museum

Publicly owned companies (wholly owned by the Crown and/or the wider public sector such as Transport for London).

Please contact one of our consultants on 01276 688050 for an informal, no obligation discussion to see how we can help you. Alternatively please email [enquiries@edenoutsource.co.uk](mailto:enquiries@edenoutsource.co.uk)