Notice for suppliers:
From April 2017 new legislation affects the payments to “off-payroll workers” and consultants working through their own limited company

In April 2017 new legislation was introduced making the University (and other public sector bodies) responsible for identifying and determining the status of the “engagement” of consultants and other “off-payroll workers” who are providing their services personally via their own limited company or partnership.

Such companies are referred to as “Personal Service Companies” (PSCs) in accordance with the Intermediaries Legislation contained within Chapter 8 Part 2 of the Income Taxes Earnings and Pensions Act 2003 (ITEPA 2003). This legislation is also referred to as IR35 and the intermediaries legislation. A PSC is often used by IT consultants, project managers and other suppliers of professional services, including specialist lecturers.

The changed legislation inserted Chapter 10 into Part 2 of ITEPA 2003 “Off-payroll working in the public sector”. This makes the University responsible for identifying whether companies supplying the University are a PSC and, if so, the University must undertake an assessment of the nature of the work that is being performed and the workers role at Uclan. If the circumstances of the engagement meet a number of criteria set by HMRC, then the University is required to deduct tax and national insurance from the amount due to the supplier when making the payment to the supplier.

The changes apply to contracts already in place and new engagements after 6 April 2017, and also to arrangements where a PSC is providing its services to the University via an employment or recruitment agency, or via one of the University’s subsidiary companies.

Further information on the changes is available from HMRC: Reform of Intermediaries Legislation

Assessment of suppliers

The University has revised its procurement processes to identify all Limited Company (and Partnership) suppliers who may be in scope of the new legislation. In order to assess whether suppliers are in scope the University will need to obtain more information about the company (or partnership) and the nature of the work that is being done from the person who has engaged the supplier and/or from the supplier.

A Workers Status Questionnaire (WSQ) will need to be completed. This includes questions from the HMRC ESS on-line assessment tool.

Under the new rules, the University must inform the supplier or agency with whom they have a contract if the University believes the engagement falls within the new rules. The University will inform suppliers of the outcome of the assessment by email.

Further information how to determine if your company is in scope is available from HMRC: Intermediaries Legislation: find out if it applies
Notice for suppliers - continued:

From April 2017 new legislation affects the payments to “off-payroll workers” and consultants working through their own limited company.

If the University determines that the contract falls within the scope of the new rules:

The University will have to deduct tax and national insurance from any payments it makes to the supplier’s company or partnership.

To do this we will need the workers national insurance number and date of birth and any P45 from a previous engagement ending in the current tax year. Please send these directly to the University’s Payroll Manager, Denise Bowers, email: dbowers1@uclan.ac.uk or c/o University of Central Lancashire, Financial Services, Sizer House, Preston PR1 2HE.

Invoices should be submitted in the usual way but must contain a breakdown of the charges between labour/consultancy fees, materials, travel expenses, any other expenses, and VAT.

Payment (net of tax and national insurance) will be made to the suppliers company bank account on a monthly basis.

A payslip will be emailed to the supplier each time a payment is made showing the amounts of tax and national insurance that have been deducted.

If the University determines that the contract is not in scope under the new rules:

Invoices will be paid in full and should be submitted in the usual way.

If you disagree with the University’s assessment:

If you think that your company or partnership does not fall within the scope of the Intermediaries Legislation, please let us know immediately.

If you think that the nature of the engagement or contract is not within the scope of the “off-payroll working in the public sector” rules, you can ask HMRC to review the contract. Further details on HMRC’s Contract Review Service are available on this webpage: Intermediaries legislation: find out if it applies

HMRC also have an IR35 Helpline on 0300 123 2326 or email ir35@hmrc.gov.uk

Further information:

Please direct any specific queries regarding the assessment of the contract with Uclan to Helen Bagley, Compliance Accountant, email: hbagley@uclan.ac.uk telephone 01772 892170.

Further information on the legislative changes is available from HMRC:

Off-payroll working in the public sector: reform of intermediaries legislation

Intermediaries legislation: find out if it applies