

Farm Secretarial Services

Newsletter Issue 5

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Casual Labour & Self Employed Contractors

Over the past few months, it has come to our attention that there is a lot of confusion over the laws concerning employment of casual staff, or using self employed contractors on a farm. Therefore, we have put together the following notes so you can ensure you are complying with the appropriate laws. If you have any doubts at all, please contact us to discuss your position.

Casual Labour

When taking on casual labour you should follow the same payroll procedures as for your permanent employees. Calculate, record and deduct PAYE tax and National Insurance contributions (NICs) in the same way.

However, there are a number of exceptions;

- If an employee works for less than a week you may not need to run the normal payroll procedures.
- Students employed **solely** during summer, winter or easter holidays.
- Harvest workers.

Remember!

All workers are legally entitled to an itemised wage slip for each pay period

If you don't create a Deductions Working Sheet for each casual member of staff, at least keep a spreadsheet of earnings so that you can easily track, and prove, that none of your casual staff have reached the tax and national insurance thresholds.

In summary, I would recommend that the same payroll procedures are followed for **all** members of staff regardless of the hours they work or the status they have been given. Not only does this ensure you are complying with all necessary regulations, it also gives you a readily available record of the amount spent on wages.

Self Employed Contractors

The main problem with regard to self employed contractors is whether their "self employed" status is actually correct. If you have doubts as to the status of a worker, it is essential that you seek clarification as soon as possible. If a worker is found to have 'employed' status rather than self employed, then you, as the employer will be liable to pay Employers National Insurance Contributions on all monies paid to that

Payroll Services Available

We are registered agents with HMRC and can take care of all of your payroll procedures from preparing deductions working sheets and producing wage slips, to completing your annual employers return. If you are interested in this service please contact the office for a quote

Green & Kelly
Farm Secretarial Services

15 Cheviot Drive
Thornbury
Bristol. BS35 2YA
Tel / Fax 0845 833 4661
Email: info@farmsecretary.co.uk
Web: www.farmsecretary.co.uk

individual. This **will** be backdated, and at 12.9% this can soon add up to a lot of money.

There is no individual test that is decisive, but a contractor is likely to be classed as self employed if they;

- Have the final say in how their business is run
- Risk their own money in the business
- Are responsible for the losses as well as profits of their business
- Provide the main items of equipment they need to do their job
- Are free to hire other people on their own terms to do the work they have taken on and pay them at their own expense
- Are responsible for correcting unsatisfactory work in their own time and at their own expense

An very useful Employment Status Indicator tool is available on the HMRC website at www.hmrc.gov.uk/calcs/esi.htm

The end of paper VAT returns is approaching fast!

As previously reported, HM Revenue & Customs plan to phase out paper VAT returns with effect from 1st April 2010, when it is expected that all businesses with an annual VAT exclusive turnover of £100,000 or more will be required to submit their VAT returns electronically and make / receive payments electronically. Get registered for online VAT returns now... <https://online.hmrc.gov.uk/registration>. If you would like us to sort out your registration for you we will be more than happy to do this – contact Sam for further details.

VAT Rate Reminder

Don't forget that the rate of VAT increases back to 17.5% on 1st January 2010!



Merry Christmas

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Best Wishes for 2010