

Direct Payments

Factsheet – Self-employed PAs

CITY OF
WOLVERHAMPTON
COUNCIL

We do not recommend that you use a self-employed Personal Assistant (PA) as Her Majesty's Revenue and Customs (HMRC) have advised they would consider almost all PAs to be registered as employed rather than self-employed for tax purposes. See extract from the HMRC Employment Status Manual below.

Care provided in individuals home

The case law tests normally indicate that a careworker who looks after a client in the client's home is likely to be an employee. In particular, there will often be a significant right of control, for example the carer required to arrive at a pre-arranged time and perform tasks at the request of the client. On occasions the facts may indicate self-employment. For example, it may be the case that a careworker looks after a number of people concurrently and has a business organisation in place.

<http://www.hmrc.gov.uk/manuals/esmmanual/esm4015.htm>

In view of this it is essential that the employment status of your worker is clarified before they begin working for you.

You must provide the Direct Payments Team with written confirmation from HMRC of any self-employed workers as for the purposes of tax and national insurance; you are responsible for correctly deciding whether a Personal Assistant is employed or self-employed. If HMRC decides that you are the employer (even when the worker has registered with HMRC as self-employed) you will be liable to pay the backdated tax, national insurance and employer's national insurance. It is essential that the PA gives you the relevant documentation for their role as a PA. Please note that some workers may have more than one job and being registered as self-employed for example, as a driving instructor, is quite different to being registered as self-employed as a PA.

What is the difference between an employed PA and a self-employed PA?

If you directly employ a PA you will be responsible for:

- The PA's employment terms and conditions, including payment of wages, arranging tax, national insurance (if applicable) and holiday cover
- Providing your PA with a contract of employment
- Arranging your own insurance cover for Employers liability and Public liability insurance
- Paying a regular wage to the PA
- Deciding and directing where, when and how the PA provides the service
- Making your own alternative arrangements for support when your PA is not available
- Providing the equipment and materials for the PA where necessary

Please note that you will receive support from Ideal For All and Barrie Bookkeeping payroll to fulfil all of these employer responsibilities.

If you engage a self-employed PA they will be responsible for:

- Providing you with a Unique Tax Reference number (UTR) issued by HMRC on HMRC headed paper stating they are self-employed
- Arranging their own insurance cover to guard against public liability insurance and where needed employer's liability insurance
- Providing a contract agreeing the terms and conditions of the support provided, prices charged/cost of service, which would be mutually agreed by you, including when and where to undertake the work
- Providing you with invoices quoting their HMRC registration number to request payment from you for the specific service(s) they have undertaken
- Arranging their own tax, national insurance and their general accounts
- Providing their own equipment (unless agreed otherwise in contract agreement)
- Providing other workers to support you if they are unable to provide the service themselves

If you are unsure about the employment status of your PA please contact Ideal For All or the Direct Payments Team overleaf.

Who to contact

Ideal For All - Tel: 0121 558 5555 **Email: info@idealforall.co.uk**

Direct Payments Team - Tel: 01902 551292 or 01902 551294

Civic Centre

St Peter's Square

Wolverhampton

WV1 1RT

Email: Direct.payments@wolverhampton.gov.uk

For further information refer to HMRC:

<http://www.hmrc.gov.uk/employment-status/index.htm>