

scottishathletics 

Paying for Services

Employment v Self-Employment

GBSport

Introduction

What We Will Cover

- Options Available
- Employment
- Self-Employment
- Recommendations



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PAYING FOR SERVICES

Why It Matters


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Why It Matters

When Club Pays


Club's Responsibility
Must have Documentation
Impact on Obligations
Impact on Worker Rights
Impact on Tax and NI

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Club cannot pass obligation to declare tax to the worker



Club Paying Worker



PAYING FOR SERVICES

Options Available



Options Available

ALL Workers have a STATUS

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Options Available

What Status?

- Employment
- Self-Employment
- Casual Worker
- Volunteer
- Limited Company



  

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Options Available

Club Ideal?


- Minimal Worker Obligations
- No Additional Tax
- Minimal Admin
- Easy to Terminate
- Flexible Hourly requirement

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Club can't just declare someone self-employed – MUST prove they pass guidelines



Club Paying Self-Employed Worker



PAYING FOR SERVICES

Employment

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Employment

What is Employment?

- No Legal Definition
- Mutuality of Obligation
- No Substitution
- Control with Employer
- No Financial Risk for Employee ⓘ

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Employment

Obligations

- Contract of Service
- Defined Hours
- Employment Rights
- Club is unpaid tax collector**



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Employment

Advantages

- High level of control
- Clearly defined obligations
- HMRC approval
- HMRC 'help'



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Employment

Disadvantages

Employment Rights
Difficult to Terminate - Tribunals
Administration
Employers' NI
Compliance Checks



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Employment

Requirements

Payroll
Employers' NI
Wage Slip
National Minimum Wage
Employers' Liability Cover



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Employment

Requirements

- Holiday and Sick Pay
- Written Statement of Employment
- Disciplinary Procedures
- Grievance Procedures
- Behavioural Policies

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PAYING FOR SERVICES

Self Employment

Self-Employment

Definition

No Legal Definition
Supply of services
**Contract FOR
Services**




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Self-Employment

Advantages

No Employment Rights
Easy Termination
Minimal Paperwork
Flexible Hours
No Additional Costs



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Self-Employment

Disadvantages

- Less control
- Strict guidelines
- Proof required
- Contract required
- No Security**



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Self-Employment

Requirements

- Declaration
- Pass guidelines
- Work to guidelines**
- Have written proof
- Pay **ONLY** on invoice



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Declaration?


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Self-Employment



Declaration

I am self-employed
**I am responsible for
own tax and NI**
I will inform you if
my status changes

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Valid Invoice?



 

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Self-Employment

Valid Invoice



- The word INVOICE
- Details of SERVICES & amounts
- Client name & address
- Worker name & address
- UNIQUE invoice number**

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Guidelines?

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Self-Employment

Must Pass ONE of

Substitution
Control
Financial Risk

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The screenshot shows the HM Revenue & Customs website interface. At the top, there is a teal navigation bar with the HMRC logo and links for Home, Contact us, About us, Jobs, Accessibility, Feedback, and Help. A search bar and a 'Tax agents & advisers' button are also present. The main content area is titled 'Employment Status Indicator' and includes a 'Restart' button. The text explains that the ESI tool is used to check employment status for tax and VAT purposes. It recommends reading guidance on employment status before using the tool. A section titled 'Who can use the tool' states that the tool is essential for employers and contractors, but cannot be used for company directors, agency workers, or those using intermediaries.

The slide features a blue header with the text 'Self-Employment'. Below this, the title 'ESI Software' is prominently displayed in large black font. The text continues with 'Anonymous series of questions', 'THREE sections', and 'Must pass ONE section'. The most significant point is 'HMRC BOUND BY RESULTS', written in large, bold blue letters. At the bottom left is the 'scottishathletics' logo, at the bottom center is the copyright notice 'Copyright GBSport 2015', and at the bottom right is the 'GBSport' logo. A small information icon is located in the bottom right corner of the slide content area.


ESI Website Guidance Nov 2015

You can rely on the ESI outcome as evidence of a worker's status for tax/NICs/VAT purposes if both of the following apply:


- 1) your answers to the ESI questions accurately reflect the terms and conditions under which the worker provides their services
- 2) the ESI has been completed by an engager or their authorised representative (if the tool has been completed by or on behalf of a worker the result is only indicative)


However, you should download and print or save the PDF bearing the 14 digit ESI reference number from the summary of outcome screen.

If the worker's employment status is questioned in the future, HMRC will only be bound by the ESI outcome if this document can be produced.




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Substitution?




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Self-Employment

Substitution

“Ability to send someone else to do the work”






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Self-Employment

Substitution

Contractually Obligated?
Contractual Right?
Has It Happened?



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The screenshot shows the HM Revenue & Customs website interface. At the top left is the HMRC logo. To its right is a navigation menu with links for Home, Contact us, About us, Jobs, Accessibility, Feedback, and Help. Below the navigation is a search bar with a 'Search' button and a 'Tax agents & advisers' button. The main content area is titled 'Employment Status Indicator'. It displays the ESI reference: E2510151075089. There is a link for 'Enquiry details'. The result states: 'The worker is self employed [Why?]'. Below this is a 'Summary of outcome.' section which says: 'There is a high indication of substitution. [Why?]'. At the bottom of the content area is a link: 'Click here to produce a PDF of this result (28KB)'. The footer contains copyright information and links to Terms & Conditions, Privacy Policy, Site Map, Freedom of Information, and the GOV.UK logo.

Club MUST print off the PDF version of the result as PROOF if they wish to rely on result

If ESI states worker is self-employed

The banner features a large white exclamation mark on a red background. The text is in white and black, providing a clear warning and instruction.

CONTRACT



The Coach will be entitled to appoint a substitute Coach to deliver any element of the contracted services, so long as the substitute Coach is a suitably qualified Coach...

...and is approved by the Client (approval not to be withheld unreasonably)


Self-Employment

Substitution in Sport


Coach finds substitute
 Coach invoices club for work
 Invoice names substitute
Club pays Coach NOT substitute
 Coach pays substitute

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HMRC may check
to see if the
worker has ever
substituted



Club Relying on Substitution



Control?



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Self-Employment

Control of the Work

- Told when and where?
- Told what work to do?
- Told HOW to carry out work?
- Skilled person required?



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Self-Employment

Control in Sport

- Contract states OWNERSHIP
- Coach decides when/where
- Coach decides content
- Coach can vary day/time



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Financial Risk?

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Self-Employment

Financial Risk

“If the engager provides any necessary equipment this fact **will point towards the existence of a contract of employment**”

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Self-Employment

Financial Risk

“If the worker is required to provide any **major item of equipment that is fundamental to the work**, this fact will be a **strong pointer** towards self-employment”

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Self-Employment

Financial Risk

Supplies own “tools of trade”?
 Pays for “major items”?
Financially responsible for unsatisfactory work?

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Self-Employment

Financial Risk in Sport

Coach supplies own equipment
**Coach pays fee to club
for use of facility/access to
members**


Coach paid if work satisfactory ⓘ

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Don't Pass Any? ⓘ

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 HM Revenue & Customs
Employment Status Indicator

ESI Reference: 5C84XWLK9HMF88
[Close](#) [Enquiry Details](#) [Summary](#)

Employment Status Indicator Result

Based on the information you have provided, **the employment status cannot be determined.**

What you should do next

It is important that the correct employment status is established without delay. An opinion on status will have to be provided by a member of the HMRC Status Customer Service Team. Be prepared to provide any further information and/or documentation that you think is relevant. If you are based in England please telephone either 01274 204666 or 0121 643 0420; if based in Scotland, Wales or Northern Ireland please telephone 01355 275719.

You should make a note of the ESI reference shown in this screen or take a copy of this screen and the Enquiry Details report in case it needs to be shown to the Tax Office.

The result is based on the following grounds:

Version: 1.3.0.2

- The worker's employment status can not be determined by this system. [Why ?]**
- There is a low indication of substitution. [Why ?]**
- The level of indication of control is uncertain. [Why ?]**
- There is a medium indication of financial risk. [Why ?]**
- There is a high indication of business structure. [Why ?]**

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Self-Employment

Recommendation


Use ESI software

Print/save ESI PDF as PROOF


Ensure contract matches ESI

Issue contract to worker

Monitor relationship



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Support Options



HELPLINE

