



HM Revenue
& Customs

Employment Intermediaries and Tax Relief for Travel and Subsistence

Summary of Responses
9 December 2015

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1. Executive Summary

Background

- 1.1 The government announced at the March Budget 2015, that it would consult on proposals to restrict Income Tax relief and the National Insurance contributions (NICs) disregard (referred to as tax and NICs relief in this document) on travel and subsistence expenses. This followed a discussion paper published shortly after Autumn Statement 2014. The restrictions will only affect those engaged through an employment intermediary, such as an umbrella company or a personal service company (PSC).
- 1.2 The proposed restrictions are aimed at preventing temporary workers who are employed through employment intermediaries, and their employers, from benefiting from tax and NICs relief on their expenses for ordinary home-to-work commuting. This relief is not generally available to other workers who are employed directly or through temporary work contracts. It is an established principle of the tax system that people should not be able to receive tax and NICs relief on their travel and subsistence expenses for their regular travel from their home-to-work.
- 1.3 To improve compliance with the new rules, options for a potential transfer of liability were included within the consultation. Option 1 would transfer the debt jointly and severally between the engager (the person in receipt of the worker's personal services) and the employment intermediary. Option 2 would only transfer liability from the employment intermediary if they had been misled about the nature of the work being undertaken and whether the right of supervision, direction or control existed.

Consultation Responses and the Government's Response

- 1.4 The government is very grateful to those individuals and organisations who took the time to attend the meetings held during the consultation period, and to those who responded in writing to this consultation. The responses we received have been invaluable in helping develop the final approach to these proposals.
- 1.5 The key concerns raised and the government's response to these points are outlined below:

Use of Supervision, Direction or Control Test

- 1.6 Several areas of concern were raised about the use of the test of supervision, direction or control in the manner work is undertaken, to

determine whether or not relief on home-to-work expenses could be claimed. In particular many respondents felt that the test is too subjective and not sufficiently clear. As a result, workers who should be entitled to tax and NICs relief on their travel and subsistence could be ineligible. Concerns were also raised that PSCs would need to apply two tests for every engagement they undertook; one to check whether an engagement was within the intermediaries legislation, and another to determine whether they were entitled to travel and subsistence relief.

- 1.7 The government recognises some of these concerns, but believes that, with appropriate guidance, the test will be clear enough to use. HMRC will work with stakeholders to develop this guidance.
- 1.8 The government does accept though that it would be burdensome for PSCs to be required to apply two separate tests for each of their contracts. The government will therefore amend its proposals, so that the new measure will only apply to a PSC's contract when it falls within the intermediaries legislation, or would do if the worker was not receiving remuneration as employment income.

The Flexible Labour Market and Skills Shortages

- 1.9 An issue raised by many respondents was the potential impact of these proposals on the flexible labour market, with a significant number believing they would result in workers being less willing to travel for work. These respondents thought that businesses would therefore be less able to recruit the labour and skills they need, limiting their growth.
- 1.10 Supporting business and economic growth is a key priority for this government. However, the government does not consider the provision of an untargeted tax relief, only accessible to those engaged through employment intermediaries, to be an effective way of achieving these aims. In addition, the government has not seen sufficient, credible evidence that supports the view that these proposals will have a significant impact on the flexibility of the labour market.

Transferring Liability

- 1.11 A significant number of respondents agreed that a transfer of liability for those who do not operate the rules correctly would be necessary for the proposals to work and to reduce the risk of non-compliance. It was felt by several respondents that option 2 (only transferring the liability if the employment intermediary had been misled) would not be effective in driving compliance. However, there was substantial concern that option 1 (the debt being held jointly and severally between the employment intermediary and the engager) would have a negative effect on engagers. The risk of having to pay HMRC if the rules were found to have been

applied incorrectly, could mean that they would be reluctant to agree that any worker was not under supervision, direction or control.

- 1.12 Several responses to the consultation highlighted an alternative option. This would transfer liability for any debt resulting from knowingly failing to apply the correct rules for travel and subsistence to be held, jointly and severally, by the employment intermediary and the director of the employment intermediary. Where the employment intermediary can show it has been misled by a fraudulent document, produced by another relevant party, then the debt will be transferred to that party. The government agrees that this approach will support improved compliance without having a disproportionate effect on engagers.

Next Steps

- 1.13 The government will consult on draft legislation for the revised proposals in December 2015, with the intention of legislating for changes in Finance Bill 2016.
- 1.14 Subject to approval by Parliament, these changes will come into force on 6 April 2016.

2. Introduction

The Original Proposals

2.1 The government issued a consultation following Summer Budget 2015, that set out proposed changes to tax and NICs relief on travel and subsistence expenses for those working through an employment intermediary. The government proposed that where a worker:

- is supplying personal services to a third party;
- is engaged through an employment intermediary, e.g. an umbrella company; and
- is under the supervision, direction or control, of any person, in the manner that their work is undertaken,

then for the purposes of travel and subsistence each engagement they undertake will be considered a separate employment.

2.2 These changes will ensure that, in general, no worker will be able to claim relief on the expenses they incur on an ordinary commute from home-to-work, even when engaged through an employment intermediary. Relief on home-to-work travel and subsistence is not generally available to other workers.

2.3 Workers who are not under supervision, direction or control in the manner that their work is undertaken and who are therefore akin to those who are self-employed will continue to be able to claim travel and subsistence relief.

2.4 To help ensure compliance, and in response to concerns that non-compliant businesses can simply liquidate to avoid HMRC investigations, the proposals also included two options for a transfer of liability. These rules would apply where the new rules for travel and subsistence relief had been applied incorrectly:

- Option 1: liability to be shared jointly and severally between the engager and the employment intermediary. This would allow HMRC to collect unpaid monies from both parties in any circumstance, and in particular where one party liquidates.
- Option 2: the debt only to transfer from the employment intermediary where they have been misled regarding the manner of an engagement and whether an individual's work will be subject to supervision, direction or control.

The Consultation

- 2.5 The consultation document set out the proposed changes and how they would interact with the existing rules. This consultation and the associated roundtable events, sought views on:
- Whether the proposed changes would achieve the government's aims of restricting tax and NICs relief for those working through an employment intermediary, whilst protecting those who were akin to the self-employed.
 - The impact of the proposed changes on the businesses involved in recruiting individuals and in the way temporary workers found work.
 - Whether a transfer of liability would improve compliance, and if so the best method of achieving it.
- 2.6 HMRC received 163 responses to the consultation from a wide range of stakeholders, including contractors, the recruitment sector, charities, trade unions and businesses. In addition, a total of 17 stakeholder events to discuss the proposals were attended by over 300 individuals.
- 2.7 This document summarises the responses received during this consultation, highlights key themes and details the government's response to the points raised, and next steps.

3. Summary of responses

- 3.1 The consultation document asked for responses to five questions (attached at annex B). Some respondents chose to provide answers to each question, but many provided combined comments on the proposals as a whole, addressing the issues raised in composite answers. The summary of responses therefore deals with the issues raised by the original consultation questions by thematically drawing on responses.

The Consultation

General Comments

- 3.2 A substantial number of responses supported the intention of these proposals. However, many expressed concern that the proposals themselves would not achieve the objectives set out, or that although achieving the objectives they would have unintended consequences on the labour market. The most common concern related to the use of the test of supervision, direction or control (or the right there-of) in the manner work is undertaken. In particular, umbrella companies felt that the proposed approach needed significant revision.
- 3.3 A number of detailed responses said that the proposals would have the desired effect, and several went further, suggesting they would result in much fairer outcomes, both for temporary workers and for compliant businesses in the recruitment industry. Respondents who supported the changes included engagers and recruitment agencies.
- 3.4 There were also a number of respondents, including many individuals operating through PSCs, who were against any restrictions to the rules for travel and subsistence, believing that the current system was fair.

Supervision, Direction or Control

- 3.5 The consultation set out that the tax and NICs treatment of travel and subsistence expenses would only be affected by the proposed changes, where the individual concerned was under the supervision, direction or control (of the right there-of) of any person in the manner they undertake their work.
- 3.6 The majority of the respondents who were concerned about these proposals, did not agree with using a test of supervision, direction or control to help decide eligibility for relief on travel and subsistence. This was a concern raised, in particular, by umbrella companies and those individuals operating through PSCs, but was also raised by recruitment agencies, accountancy firms and trade representatives.

- 3.7 Many of these respondents felt the terms, supervision, direction or control, were too subjective and difficult to understand. This would result in many workers, recruitment agencies and engagers not being able to apply the test with confidence. Some suggested that there was not enough case law in this area, and therefore even those who understood the definitions could interpret them in a number of different ways.
- 3.8 A large number felt that the terms used were too broad, and would capture many people who should be entitled to relief on their travel and subsistence. It was also argued by some that, as the terms are currently defined, any project specification would always contain some element of supervision, direction or control.
- 3.9 Similarly, a number of responses were also concerned that, because the test was subjective and open to interpretation, most engagers would have difficulty in understanding the terms. As a result they would be unlikely to agree that a worker was not under their supervision, direction or control because, of the potential risk that HMRC might disagree with their decision. This would be particularly true if there was any risk that the liability would be transferred to them.
- 3.10 Concerns were also raised by many that engagers would not want to give up the right to supervision, direction or control, as they may be concerned that this would result in a loss of control over their temporary work force.
- 3.11 It was highlighted in some responses that large engagers will not individually assess the work of each of their contractors, and so are likely to claim that all those they engage are under their supervision, direction or control.
- 3.12 There were a number of respondents who supported the use of supervision direction or control, including a number of recruitment agencies, accountancy firms and trade representatives. However, several of these felt that the test would only be successful with clearer guidance.

Government Response

- 3.13 Although the government recognises that supervision, direction or control is a subjective test, and that a minority of engagements will be hard to categorise, it believes that clear guidance should help ensure businesses and individuals are able to understand when a worker is under the right of supervision, direction or control in the manner they undertake their work. There is already a substantial amount of case law in this area, which will further support HMRC's guidance and the understanding of these terms. HMRC will review the existing guidance on supervision, direction or

control and issue guidance for this measure before it comes into force in 2016.

- 3.14 The government is also confident that its current definition of the terms will capture those whose work is akin to employees, without affecting those who are akin to the self-employed. The government considers that with clear guidance on these definitions, it will be easier to understand where someone is not under supervision, direction or control.
- 3.15 It is important to note that the supervision, direction or control test being proposed for use by employment intermediaries in relation to these changes, will only be relevant for deciding eligibility for relief on travel and subsistence for home to work travel. It will not impact on a worker's employment status, or wider employment rights.

Inclusion of Personal Service Companies

- 3.16 A number of responses, particularly from accountants and trade associations, highlighted that if the proposals consulted upon were introduced unchanged, PSCs would be required to consider two tests for each engagement they undertook. Firstly to decide whether the engagement fell under the rules for the intermediaries legislation, and secondly to decide whether the engagement was eligible for tax and NICs relief on home-to-work travel and subsistence. These respondents felt that this would be overly confusing and burdensome on these businesses.
- 3.17 Some responses suggested that the changes should only apply to those PSCs that were having to operate the intermediaries legislation. Other responses, largely from PSCs themselves, wanted PSCs to be removed from these proposals entirely.
- 3.18 A significant number of respondents, again largely PSCs, but also umbrella companies, accountants and trade associations felt that these proposals would disadvantage them when competing with larger businesses. This was because they would be denied tax and NICs relief of their travel and subsistence, whilst employees of larger businesses, and the large businesses themselves, would continue to be eligible for relief.

Government Response

- 3.19 These proposals are aimed at ensuring the tax system provides a focussed relief for travel and subsistence expenses. It is an established principle in the UK tax system that people should not be able to claim relief on their regular commute from home-to-work; this relief is not

generally available to other workers. By including PSCs, the government recognised the different ways individuals work and sought to put all workers employed through an intermediary on the same terms as other workers, who are engaged directly or through an agency contract. This is in line with the government's commitment to ensure the tax system is fair, and treats individuals in similar circumstances in the same way.

- 3.20 These proposals will affect all businesses caught within the definition of an employment intermediary. Employees of large consultancies cannot currently claim relief on travel and subsistence on their ordinary commuting from home-to-work; this will not change. They will only be able to claim relief on their travel and subsistence expenses to a temporary workplace. The size of a business will not affect how the proposed new rules will apply.
- 3.21 The government agrees that it would be overly complicated and burdensome for a PSC to have to consider two tests for each engagement it undertakes. The proposals have therefore been amended, so that the new measures will only apply to a PSC's contract when it falls within the intermediaries legislation, or would do if the individuals were not receiving all remuneration as employment income. PSCs will not, therefore, have to separately consider whether the manner in which an engagement is undertaken is under the supervision, direction or control of another party.

Additional Administrative Burdens

- 3.22 Concerns were expressed in a number of responses that the introduction of these changes would create additional administrative burdens for both those who engage temporary staff, and on the recruitment agencies that supply them. In particular, some recruitment agencies and accountants felt that having to consider whether or not each worker was under supervision, direction or control would be difficult and burdensome for engagers.
- 3.23 Several respondents believed that these proposals would not result in any increase in administrative burdens. This would be particularly true for recruitment agencies, who are already required to consider whether a worker is under supervision, direction or control, in the manner they undertake their work, in order to comply with the Agency legislation.

Government response

- 3.24 Although as a result of these changes businesses will be expected to consider whether supervision, direction or control applies to the manner in which a temporary worker carries out their role, the government

considers this will have a negligible effect on most businesses. The test for supervision, direction or control is a deemed provision, so businesses will only need to take action where they believe the manner in which a worker is undertaking their role may not be under supervision, direction or control. Where this is the case, it is likely that a business would be able to assess multiple workers at the same time, rather than on an individual basis.

- 3.25 In addition, PSCs will now only be affected by these provisions where the intermediaries rules apply, or would do, but for the worker's remuneration being paid to them as employment income. Therefore, engagers will only need to consider those workers who are supplied through other employment intermediaries (mainly umbrella companies). Where this is the case, it is likely a recruitment agency will be involved in supplying the worker. Recruitment agencies are already required to consider whether a worker will be under supervision, direction or control to comply with the agency legislation, where a worker is not supplied through an umbrella company.

Definition of Employment Intermediary

- 3.26 Some concerns were raised by the proposed definition of an employment intermediary. In particular, several responses raised concerns about the risk of some employment intermediaries presenting their businesses as not in the supply of labour, and therefore beyond the scope of these changes.

Government Response

- 3.27 The government considers the proposed definition the most accurate way of defining those organisations that are the objective of these changes, without having wider implications for other business.

The Flexible Labour Market

- 3.28 A key concern for many respondents to the consultation, was the potential impact of the changes on the flexible labour market. These respondents felt that without tax and NICs relief on home-to-work travel and subsistence expenses, many workers and contractors would be unable, or unwilling, to travel as far for work. This would make it harder for businesses to find the skills and labour they need, when and where they need it. Respondents also suggested that this potential impact on businesses, could slow growth in the UK economy and reduce tax receipts.

- 3.29 Some respondents were further concerned that if workers were not incentivised to travel to work, businesses in rural areas could find it particularly hard to recruit temporary staff, without increasing the amount they pay. Equally, workers residing in rural regions may be less likely to find suitable work and would therefore be worse off. Respondents thought that this could result in a greater economic divide between rural and urban regions.
- 3.30 A number of responses highlighted industries that they considered would be worst effected by the changes. In particular:
- education/supply teaching (with rural schools being particularly unable to find replacement staff),
 - nuclear
 - oil and gas
 - construction
 - IT
- 3.31 Some respondents were concerned the changes would mean that site-based workers would no longer be able to receive relief on any of their travel and subsistence. This would have a substantial impact on their income.

Government Response

- 3.32 Supporting business and economic growth is a key priority for this government. The government accepts that there may be a small number of cases where individuals will now be unwilling to travel long distances, but does not consider that this will have a significant effect on the flexible labour market, on businesses' ability to find temporary workers, or on the wider economy. Although a significant number of responses raised this issue, little evidence to support this assertion was provided.
- 3.33 The government remains committed to a competitive tax system with lower rates and high allowances delivering lower taxes for business and individuals. But the tax system also needs to be fair. The government will therefore continue to address imbalances in the system where some individuals and businesses benefit disproportionately from certain rules - and will also continue to tackle avoidance, evasion, non-compliance and tax planning.
- 3.34 Where business wishes, or needs to recruit workers living some distance away to work for them, the government expects business to pay a wage sufficient to attract workers without any special tax subsidy being necessary. This forms part of the government's plan to move to a high

wage economy, with businesses meeting the costs of paying their workers a wage which does not require top up from the state.

- 3.35 Site-based workers will continue to be able to claim relief on their travel and subsistence, where they are travelling to different sites as part of the same engagement. Where they are engaged through an employment intermediary, and the manner in which they undertake their role is under the supervision, direction or control of another party, then if they are travelling to the same site for all, or almost all, of the engagement, then they generally will not receive relief for their travel costs. This is currently the case for those temporary workers engaged directly, or through an agency.

Impact on income

- 3.36 Several of the consultation responses expressed concerns over the impact these proposals may have on low earners. Without the ability to claim tax and NICs relief on their home-to-work travel and subsistence expenses some workers' take home pay is likely to reduce.
- 3.37 Further concern was raised, mainly from PSCs themselves, about the impact on PSC income. Several PSCs said they would have to increase their rates to such an extent, that they would become uncompetitive in anything other than the local area. Alternatively, if they were to absorb the increased cost themselves, they would be much worse off.

Government Response

- 3.38 Although the precise impact of any changes will vary depending on the circumstances of individual workers, these changes will result in a reduction in take home pay for some. However, providing tax relief on travel and subsistence expenses for ordinary commuting, to workers who are employed through employment intermediaries is not an effective approach to support those on low incomes.
- 3.39 The government wants to see employers and employment intermediaries paying a fair wage to all their employees, and is committed to reducing the tax burden on the low paid. This has been achieved through significant increases to the personal allowance. The government has pledged to raise the personal allowance to £12,500 by the end of this Parliament.

Temporary Employee Rights

- 3.40 Many respondents compared the temporary workforce, and the benefits they receive, with those that permanent workers are entitled to. Many

argued that because contractors and temporary workers are not entitled to the same level of employment benefits as permanent employees, they should be entitled to relief on home-to-work travel and subsistence. Other respondents felt that the proposals were unfair, as permanent workers are still entitled to tax and NICs relief on their travel to a temporary workplace.

- 3.41 Some of these responses highlighted that temporary workers often have to change their place of work regularly and, as a result, cannot relocate in order to reduce the cost of their commute, or benefit from reduced costs, for example from train season tickets.
- 3.42 A few respondents highlighted their concern that, following these changes, workers will be moved out of umbrella companies into other arrangements and, as a result, will lose the employment rights they gain as the employee of an umbrella company.

Government Response

- 3.43 It is an established principle of the tax system that people should not be able to claim relief on travel and subsistence expenses with respect to their regular travel from their home to work. In line with this, ordinary commuting costs incurred by the vast majority of workers are not tax deductible.
- 3.44 The variation in employment rights between temporary and permanent workers is a broader issue outside the scope of this consultation.

Timing

- 3.45 A number of responses raised concerns about the timing of the changes and suggested they should be postponed. In particular to allow time for the changes to the Agency legislation, introduced in Finance Act 2014, to help tackle false self-employment, and effective from April 2014, to bed in.
- 3.46 Some considered we should await the conclusion and recommendations of HM Treasury's review of the rules for the tax treatment of travel and subsistence.
- 3.47 Several responses also suggested that following the changes to the rules on business expenses reimbursed through salary sacrifice in Finance Act 2015, effective from April 2016, these changes would no longer be required as umbrella companies only pay small amounts of travel and subsistence unless they are operating a salary sacrifice scheme.

Government Response

- 3.48 The number of workers eligible for tax and NICs relief on their home-to-work travel and subsistence has increased significantly in recent years. The government needs to address these issues to ensure fairness and protect the Exchequer. The use of this relief now goes far beyond what was intended when it was introduced and a large number of individuals are now able to claim relief on home-to-work travel and subsistence expenses simply because of the way they are employed.
- 3.49 The salary sacrifice provisions on reimbursed business expenses, introduced in Finance Act 2015 and effective from April 2016, is aimed at addressing a different issue and will not prevent workers from claiming tax and NICs relief on home-to-work travel and subsistence, except where this is part of a salary sacrifice scheme.
- 3.50 The HM Treasury review of travel and subsistence is a wide ranging review looking at the rules as a whole; any changes as a result of the new review will take time to develop and introduce. The government believes that the rules for tax relief on travel and subsistence expenses for those working through employment intermediaries need to be updated more quickly.

Compliance

- 3.51 A significant number of responses, particularly from umbrella companies and PSCs, expressed concerns that these changes would result in reduced levels of compliance. Many highlighted the risk that businesses and contractors currently working through an umbrella company might move to non-compliant intermediaries, to maintain the same level of take home pay.
- 3.52 A number of respondents were also concerned that of people currently working through umbrella companies might start operating through PSCs, resulting in a reduced income for the Exchequer. Some respondents believed these changes would increase the incentives for many people to operate as self-employed, also resulting in a loss to the Exchequer.
- 3.53 A significant number of responses highlighted HMRC enforcement as a concern, with several suggesting increased enforcement would be a more effective response to the issue of tax relief for travel and subsistence. Others felt that the proposals themselves would only work if HMRC compliance activity was increased.
- 3.54 A significant number of recruitment agencies questioned the enforcement of the 2014 changes to the Agency legislation. Stating that a lack of

enforcement risks encouraging non-compliance and therefore damages compliant recruitment businesses.

Government Response

- 3.55 These changes are aimed at preventing workers, engaged through an employment intermediary, and their employers, from benefiting from tax and NICs relief for home-to-work travel expenses. The government will take action to tackle tax avoidance wherever it is identified and ensure no individual or business benefits from an unintended tax advantage. HMRC continue to develop new ways in which avoidance can be tackled.
- 3.56 As part of its risk based compliance activity, HMRC is undertaking enquiries into a substantial number of employment intermediaries, including umbrella companies and employment businesses. HMRC have a number of ongoing investigations into businesses that are regarded as high risk and HMRC continue to look at a range of ways of tackling non-compliant employment intermediary arrangements.

Transfer of Liability

- 3.57 Responses to the options presented for a potential transfer of liability were mixed. A significant number of respondents, in particular PSCs, felt that a transfer of liability, of any kind, would not work and some respondents suggested it would not be fair to transfer debt in any circumstance.
- 3.58 However, many responses to the consultation were broadly supportive of proposals for a transfer of liability, with stakeholders recognising that provisions would be needed to encourage greater compliance and support enforcement of the rules. However, there was limited consensus on how this should best be achieved.
- 3.59 A significant number of responses, in particular those from recruitment agencies and their representatives, supported option 1 of the proposals, where liability would be transferred so that it is shared with the engager. These respondents felt that without this option engagers would be drawn to using cheaper, non-compliant models. Several of these respondents stated that option 2 would not deal with the problem of non-compliant companies' ability to liquidate and re-establish themselves in order to avoid debt. However, many respondents preferred option 2, mainly because it would be clearer to understand when an engager might be at risk and therefore fairer.
- 3.60 Some respondents also suggested that liability should sit with the engager, rather than the employment intermediary and only be

transferred if another party misleads the intermediary or the intermediary deliberately misapplies the rules. One respondent also suggested that the engager should not be able to indemnify themselves against the transfer of liability.

- 3.61 A third option raised at several roundtable events, proposed that liability should be transferred to the director of the employment intermediary, but only where they knowingly claimed relief on travel and subsistence which was not due. In support of this, a second transfer could also be introduced to ensure that, where the employment intermediary was deliberately misled by another relevant party, liability would be transferred to that party. A number of responses supported this approach as the best solution.

Government Response

- 3.62 The government recognises many of the concerns raised in response to the proposals for a transfer of liability. However, there is a strong case for a transfer of liability provision to help ensure compliance.
- 3.63 Having considered stakeholder views, the government believes the most pragmatic and proportionate approach to improving compliance is the option raised during consultation roundtable events. This option transfers, jointly and severally, any debt arising from the deliberate misapplication of the rules from the employment intermediary (the business employing the worker) to its director(s). The transfer of debt would only be applied where it could be shown that the employment intermediary had knowingly failed to apply the rules correctly, when they had been told by the engager that relief on travel and subsistence should not be available.
- 3.64 In addition, a second transfer of liability will also be introduced, moving debt to another relevant party where they have provided a fraudulent document that misled the employment intermediary so that relief on travel and subsistence expenses was allowed.
- 3.65 The government believes this approach will discourage directors of employment intermediaries from liquidating to avoid debts arising from a deliberate failure to apply the rules, whilst recognising businesses concerns by limiting the risks incurred by engagers, recruitment agencies and contractors.

4. Next steps

Draft legislation

- 4.1 Draft legislation will be published alongside this summary of responses document on 9 December 2015.

Implementation

- 4.2 The government anticipates these changes will be introduced as part of the Finance Bill 2016 and will be in force from 6 April 2016.

Implementation

- 4.3 HMRC is to issue guidance associated with this measure. New guidance will be published for 2016.

Annexe A: List of stakeholders consulted

The government is grateful to the following organisations and individuals who participated in this consultation:

Accountancy Firms

- Abbey Tax
- Accountax Consulting
- AMS Accountancy Ltd
- Aspire Business Partnership
- Bauer and Cottrell
- BDO
- BKL Tax
- Crunch
- David Kirk and Company
- Deloitte
- EY
- Grant Thornton UK LLP
- HRC Law LLP and Efficient Employment Tax Solutions
- Intouch Accounting
- KPMG
- Mazars
- PricewaterhouseCoopers LLP
- Sable Accounting
- Whitefield Tax

Businesses

- Conductor
- Free Agent
- G4S
- Legal and General
- NU Generations Ltd
- Safe Computing

Individuals and Personal Service Companies

- 66 individuals and personal service companies

Professional Bodies

- Association of Accounting Technicians
- Association of Taxation Technicians (ATT)

- Chartered Institute of Payrol Professionals
- Institute for Chartered Accountants of England and Wales
- Institute of Chartered Accountants of Scotland
- Institute of Interim Management

Recruitment Agency

- Adecco group
- Campbell Birch
- CMS
- E-Resourcing Ltd
- Extraman Recruitment
- Grovelands
- Hays
- Mana Education Ltd
- Milestone Operations
- MPI Ltd
- Pier Consulting
- Premier Teachers
- Prism Recruitment Ltd
- Randstad
- Resource Solutions Group
- Tradeslink Construction Services
- TSS Recruitment
- Volt

Representative Bodies

- Accounting Web
- All Umbrella Companies are Equal
- The Association of Independent Professionals and the Self-Employed (ISPE)
- Association of Labour Providers
- Association of Professional Staffing Companies (APSCo)
- The Association of Recruitment Consultants
- Confederation of British Industry (CB)
- Contractor Calculator
- The Construction Advisory Committee
- Employment Taxes Industry Forum
- Engineering Construction Industry Association
- Federation of Small Business
- Freelance and Contractor Services Association (FCSA)
- The Joint Taxation Committee
- Low Income Tax Reform Group (LITRG)

- Oil and Gas UK
- PRISM Association
- Professional Passport
- Recruitment and Employment Confederation
- Tax Aid
- TEAM

Trade Unions

- The Broadcasting Entertainment Cinematograph and Theatre Union (BECTU)
- Union of Construction, Allied Trades and Technicians
- Unite

Umbrella Company

- Black Diamond Umbrella Ltd
- Brookson Group Ltd
- Contractor Umbrella
- Crest plus
- CWC Solutions
- Danbro
- Eden Group
- Elite Contractor Accountancy
- Empresaria Group Plc
- Futurelink Group
- Guardian
- I4 Pay Partners Ltd
- I-PAYE Ltd
- Liberty Bishop
- Locums Umbrella Services
- Mainpay
- MyPay Ltd
- Optionis
- Orange Genie Group
- Payco Services
- QIS Umbrella Ltd
- Shipshape Pay
- Simplyco Ltd
- Sterling

Annexe B: Consultation Questions

Question 1: Do you agree that the structure of the proposed legislative changes will achieve the policy objectives?

Question 2: Will there be any consequential difficulties in administrating each engagement as a separate employment?

Question 3: Are there any particular professions who will be significantly affected by these proposals?

Question 4: Will these changes result in a significant shift in the way those affected are employed? If so, what would this shift be and what would be the impact for the workers concerned?

Question 5: Would the definition of employment intermediary as proposed cause any practical difficulties? Please provide details and examples.

Question 6: Do you agree with the definition of the terms supervision, direction and control and will these definitions cause any practical or commercial difficulties? If so, what will these difficulties be?

Question 7: Which option for a transfer of liability would work best to ensure future compliance, Option 1 or 2?