

## **Sub-contracting Requirements**

### **Introduction**

This document should be read in conjunction with the self-assessment workbook and self-assessment workbook guide (in particular the glossary for definitions of subcontractor and labour provider) and the guidance for approved contractors 018 - tax avoidance schemes.

### **Background**

The requirements of the ACS standard in respect of the use of subcontractors are detailed at indicator 2.4.1.

Applicants/approved contractors should also note the guidance provided by HMRC to us, which stated:

*‘Individual security operatives (who do not employ others) are not bona fide subcontractors if supplying only their own labour and taking no commercial responsibilities. Such operatives, no matter how short or temporary the contract and who work under the management system of the Approved Contractor, should be included for PAYE’.*

### **Exemption from subcontracting requirements**

Subject to an application and agreement by us under our ‘exceptional circumstances policy’, an approved contractor may be permitted to subcontract the delivery of security services to a non-approved contractor.

The use of a non-approved contractor includes the use of self-employed individuals (sole trader or limited company) engaged as subcontractors (and responsible for delivering the customer contract on behalf of the ACS company).

Written confirmation of any agreement is always issued by us and time limits are generally imposed.

## Guidance for Approved Contractors 019

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### Note:

The term 'subcontractor' in this guidance does not apply to staff obtained through an agency.

Approved contractors can only subcontract provision of a security service (for which they are approved) to other approved contractors, unless an exemption from subcontracting requirements has been applied for and agreed by us. This does not apply in cases where a subcontractor solely supplies labour – 'subcontracted labour'. Such organisations are not required to be approved and may in some cases not be eligible for ACS. This exception covers self-employed individuals and 'agencies' supplying temporary staff whose licensable activities are under the [supervision, direction or control](#) of the approved contractor. This may include another security provider, a labour provider, or employment business. The Approved Contractor should pay particular attention to indicators 3.1.1, and 3.1.2, and 4.2.1 when using suppliers of labour.