

## WHY DOES INTERMEDIARIES LEGISLATION AFFECT CONTRACTORS?

With affect from 6th April 2015, all employment intermediaries in the UK are required to report to HMRC on all workers (including payments made to workers) who are not treated as 'employees' for tax purposes.

# G2 RECRUITMENT SOLUTIONS LTD.

## Intermediaries Legislation – Guide for Clients

### G2 RECRUITMENT'S QUICK GUIDE FOR CLIENTS

#### What are we doing?

Under the new "Intermediaries Legislation" g2 are now required to report to HMRC about individual workers and how they are engaged by g2. Since we became aware of these changes we have been collating all the relevant information to ensure compliance with the new rules.

#### What happens if you also operate as an employment intermediary?

There is often a chain of employment intermediaries supplying the services of a contractor to an end-client. An employment intermediary is defined as "a business that provides workers under contract directly to end-clients and pays the worker or the other intermediary gross for the services".

The new rules state that the employment intermediary with a direct contract with the end-client is "Intermediary 1" and is required to report to HMRC on the contractors it directly or indirectly supplies.

If you, as our client, also operate as an employment intermediary and have the contract with the end-client, it is likely that the obligation to report will fall on you, as Intermediary 1.

In this case, g2 will cooperate to provide you with any relevant information that you may need in order to report.

If you are unsure if you are intermediary 1 further information from HMRC can be viewed here:

[www.gov.uk/government/publications/employment-intermediaries-reporting-requirements/what-this-means-for-an-intermediary](http://www.gov.uk/government/publications/employment-intermediaries-reporting-requirements/what-this-means-for-an-intermediary)

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### What happens if the placement is based overseas?

g2 will only need to report on workers who are working outside the UK if they are a UK tax resident. We may contact workers to confirm their tax residency.

### What happens if the placement is in the Oil and Gas sector and the worker is based on the UKCS?

g2 do not need to report on workers who are working exclusively on the UK Continental Shelf even if the worker is a tax resident in the UK. However, if some of the services are provided on UK soil then g2 will have to report on any payments relating to those onshore services.

### What happens if you pay g2 on a margin-only basis?

If you pay g2 on a margin-only basis and the worker is engaged directly by yourself or the end-client and not through g2, g2 may still need to report on this worker. To determine who you will need to report to, g2 may require you to provide us with information on whether you are the end-client or if you are an employment business with a direct contract with the end-client.

### What happens if you have workers who are self-employed?

Any worker who is engaged as a self-employed individual via an intermediary, may be required to change their method of engagement. If you believe that the worker is legitimately self-employed and therefore not under your supervision, direction or control, g2 may ask you to provide evidence to substantiate this. You should only supply evidence that you consider is genuine and accurately reflects the worker's engagement with you. If you give g2 incorrect information, HMRC may pass the tax liability onto you.

### Will this affect you in any way?

g2 will ensure that all reporting is completed with minimal or no impact to our clients. If you are concerned, please do not hesitate to contact us using the contact information below.

### Will this affect the workers that we place with you?

If g2 supply you with a new worker, we will obtain the relevant information before the worker commences their placement. If you currently have workers engaged, we may need to contact them to obtain some further information to report. g2 will ensure that this is completed with minimal disruption to all workers and that they are aware of how and why we are collating this information.

### Need more information?

[http://www.legislation.gov.uk/ukxi/2015/171/pdfs/ukxi\\_20150171\\_en.pdf](http://www.legislation.gov.uk/ukxi/2015/171/pdfs/ukxi_20150171_en.pdf).

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