



peoplegroupservices.com

GUIDE TO

JOINT-EMPLOYMENT

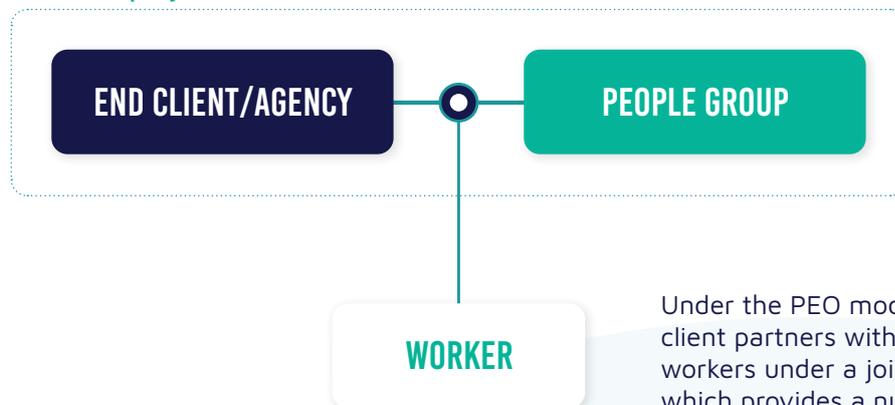


WHAT IS JOINT-EMPLOYMENT?

Joint-employment is a key part of our PEO product. A solution made popular in the USA and pioneered in the UK by People Group with processes reviewed and recognised by HMRC.

But what is it? In simple terms, joint-employment is the sharing of control and supervision of an employee's activity among two or more business entities. In this case, the recruitment agency and People Group.

Joint-employment



Under the PEO model, the agency/end client partners with the PEO to employ workers under a joint employment contract which provides a number of benefits.

VAT Notice 700/34 (Section 3.2):

3.2 Joint-employment

Where staff are jointly employed there is no supply for VAT purposes between the joint employers. Staff are jointly employed if their contracts of employment or letters of appointment make it clear that they have more than one employer. The contract must expressly specify who the employers are for example 'Company A, Company B and Company C', or 'Company A and its subsidiaries'.

Jointly employed workers engaged through PEO remain 'off-payroll' with the client, as the PEO is the employer of record.

See our employment responsibilities chart for more information on the division of front/back office responsibilities between the parties.

THE BENEFITS OF JOINT-EMPLOYMENT

- VAT savings between joint employers of 99%
- Cash flow savings and actual savings if using ID facilities
- Compliance savings – portability of workers and speed to get them to work
- Cost of insurance savings – we can reduce your insurance costs
- Overall reduction in admin, leaving you free to concentrate on core business
- Single tax code
- Outsourcing payroll where contracts state that the agency must be the employer (not previously allowed)

People Group HMRC reviewed genuine Joint-employment model

We've been here before, back in 2017 the proliferation of a number of umbrella companies stating that they were fully compliant. It's similar with Joint Employment; many have seen a new model and want to capitalize. However, People Group's Joint Employment model has been fully reviewed by HMRC and gained the full seal of approval from Professional Passport industry compliance experts.

HMRC response received November 2018

Excerpts from HMRC response to full disclosure letter:

In my opinion, the guidance is stating that there can be no taxable supply (of staff) between joint employers because the workers in question are each the employer's own employees. So even when monies (thus potential monetary consideration) pass between them for paying the workers - including salaries and resulting taxes - there is still no supply between the joint employers, because the monies are related to paying their own workers. Put another way, if the worker wasn't paid by one of the joint employers, the other joint employer(s) would be jointly and severally liable to pay the worker, so the monies in question are the wages/related taxes and pensions.

To summarise, I consider that there is a joint employment given the conditions and contracts provided. Remittances between the agency and PPL (People Group) would be subject to guidance at 700/34 however only costs that can be associated with wages, related taxes, pensions and statutory payments would be classified as outside the scope of VAT.



RESPON-

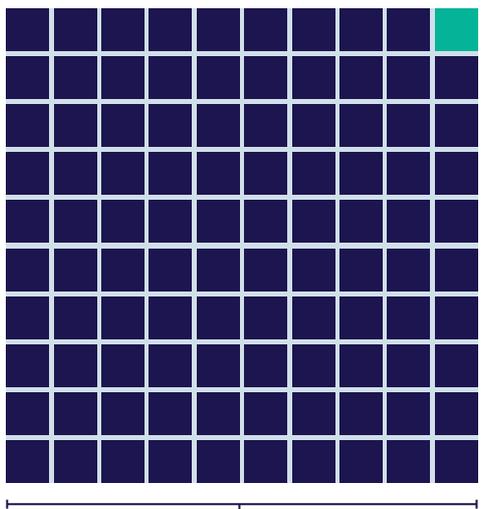
JOINT-EMPLOYMENT RESPONSIBILITIES

Action	People Group	Agency
Obtain other personal info	✓	
Issue personal illustration	✓	
Issue employment contract	✓	
Issue data processing info and obtain consent	✓	
Obtain insurances for employees	✓	
Calculate and retain ENI, pension, app levy.	✓	
Calculate and retain Holiday pay	✓	
Calculate, deduct and retain Ee's PAYE, NIC's and pension	✓	
Submit RTI	✓	
Make payments to HM Revenue & Customs for deductions & app levy	✓	
Administer employers pension scheme	✓	
Make pension payments	✓	
Source and administer employee benefits package	✓	
Administer holiday pay	✓	
Administer and pay SSP/ SMP / etc	✓	
Deal with employee HR and pay queries	✓	
Manage employment disputes	✓	
Right to work checks		✓
Identity checks		✓
Qualification checks		✓
Experience requirements		✓
Reference requirements		✓
Find assignments		✓
Check AWR requirements		✓
Issue assignment		✓
Issue and receive timesheets		✓
Invoice hirer for salary costs and uplift + agency mark up + VAT where applicable		✓
Receive payment from hirer		✓
Pay People Group salary and employment costs		✓

VAT SAVINGS

VAT SAVINGS IN MORE DETAIL

Whilst joint-employment offers VAT cash flow savings, there are certain costs that are 'vat-able' as confirmed by HM Revenue & Customs (HMRC).



1%

Non-disbursements
1% VAT chargeable

- Insurance costs
- Internal staff costs
- Legal & tribunal
- Postage/stationery/print
- IT & technology
- Bank charges (BACS) - worker, HMRC, pension etc.

99%

Disbursements
99% VAT not chargeable

- Wages
- Employer's National Insurance
- Employer's pension
- Apprenticeship Levy
- All statutory pay

Examples:

Full VAT (Umbrella)

1)	£100,000.00 Gross P/W
	£20,000.00 VAT P/W
	<hr/>
	£120,000.00 Total Invoice

1% VAT (PEO)

2)	£100,000.00 Gross P/W
	£200.00 VAT P/W
	<hr/>
	£100,200.00 Total Invoice

- Cash flow saving of £19,800.00 per week
- Where VAT is not reclaimable, this would be lost revenue

**TRANSFORMING
CONTINGENT WORK,
FOR GOOD.**

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