Private and Confidential

People Group
People Group House
Three Horseshoes Walk
Warminster
Wiltshire
BA12 9BT

Your reference

Our reference Provider Services Compliance Report

Date May 2026

Professional Passport Limited

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Mark

Following our recent discussions I attach my report documenting your processes and procedures in line with Professional Passport's Audit Standards.

As you are aware our audit process not only looks to ensure an organisation is compliant against the appropriate legislation but also seeks to assess an organisation against a number of soft fact criteria, as well as it displaying an "attitude of compliance".

We believe it will be these soft fact criteria that will ultimately set organisations apart.

This report is intended to create a base line of your processes and should any of these be amended it is essential you inform us, preferably as soon as you are aware of the potential change, but in all cases once it is implemented. We will review any change, discuss where required and, amend and update our records to reflect the change in procedures. We will write to you every six months to formally request that you confirm no changes have been made.

Regards

Crawford Temple

Registered in England: No. 4393690
Registered Office
8 The Manor
Shinfield
Berkshire
RG2 9DP

Organisational Structure

Companies we have considered as part of this compliance review.

People Group Operations Limited – Registered number - 11205253

This is a non-trading company that will engage all the directors of the trading companies and provide their services.

Shareholding:

Terry Hillier	100%
Directors:	Terry Hillier Michael Hillier

This company has not been considered as part of the compliance review.

People Group Services Limited – Registered number - 11570329

This is the back-office services company.

This is a wholly owned subsidiary of People Group Operations Limited.

Director: Terry Hillier

This company has been reviewed as part of the compliance review.

People Umbrella Limited – Registered number - 10831716

This company employs all the contractors operating through the umbrella arrangement.

This is a wholly owned subsidiary of People Group Operations Limited.

The Director is: Terry Hillier

This company has been reviewed as part of the compliance review.

People Payments Limited – Registered number - 08833244

This company provides the accountancy support services to contractors who operate through the PS Pro product offering.

This is a wholly owned subsidiary of People Group Operations Limited.

The Director is: Terry Hillier

This company has been reviewed as part of the compliance review.

People PSC Limited – Registered number - 09381490

This company provides accountancy support services to contractors who operate through their own limited company.

This is a wholly owned subsidiary of People Group Operations Limited.

The Director is: Terry Hillier

This company has been reviewed as part of the compliance review.

People CIS Limited – Registered number - 06933298

This company employs all the contractors operating through the construction industry scheme.

This company has gross status.

This is a wholly owned subsidiary of People Group Operations Limited.

The Director is: Terry Hillier

This company has been reviewed as part of the compliance review.

People PAYE Limited – Registered number - 11098037

This company engages contractors on either a traditional PAYE employed model or through a co-employment model with recruitment companies.

This is a wholly owned subsidiary of People Group Operations Limited.

The Directors are: Terry Hillier

This company has been reviewed as part of the compliance review.

Throughout the compliance review we will refer to People as a generic term that covers the offerings within the scope of the review.

Introductions / Enquiry / Leads

You confirmed that all introductions received by People would remain within that companies' offerings, as documented within this report. At no time would any introduction, enquiry or lead be referred to a company that has not been subject to review. If this were to happen approved provider status would be lost.

Companies we have not considered as part of this compliance review. In all cases the companies are not active in offering any services to the contractor market that fall within the scope of this review or operating in sectors that are not contractor related and therefore fall outside the scope of this compliance review.

People Engage Limited – Registered number - 11570347

This company provides software solutions to recruitment companies for the onboarding, time and attendance registering and billing.

This is a wholly owned subsidiary of People Group Operations Limited.

The Director is: Terry Hillier

This company has not been reviewed as part of the compliance review.

People MDSC Limited – Registered number - 11570398

This company provides compliance checking and verification software solutions to recruitment companies.

This is a wholly owned subsidiary of People Group Operations Limited.

The Director is: Terry Hillier

This company has not been reviewed as part of the compliance review.

People Complete Limited – Registered number - 11570386

This company brings all of the offerings of the People Group of companies under one contracting company.

This is a wholly owned subsidiary of People Group Operations Limited.

The Director is: Terry Hillier

This company has not been reviewed as part of the compliance review although the relevant individual offerings of People Group companies have been reviewed.

Active Product Offerings

Umbrella

Your offer of a PAYE solution for contractors' which is generally known as an 'Umbrella Solution'.

The term 'umbrella' is used in line with HMRC's understanding and definition of an umbrella provider.

All payments have full PAYE applied and are subject to the National Minimum Wage.

You do not operate direct contractor expenses from 'general earnings' for mileage only claims to temporary places of work.

You have processes in place to allow claims relating to agency reimbursed expenses. Where additional monies are received from the agency; and these fall outside of the 'general earnings' test in the Relevant Salary Sacrifice Rules; and the expenses are allowable; and the worker has submitted an expense claim form with all required evidence; these can be passed to the worker tax free.

As you do offer expenses you will need to consider the legislation introduced in The Finance Act 2015 specifically relating to 'Relevant Salary Sacrifice'.

The terms of your employment contract, namely the discretionary bonus, also keeps the claims outside of the tests contained within the Optional Remuneration Arrangements Legislation [OpRA].

HMRC confirmed that genuine umbrella solutions fall outside of the scope of the Managed Service Company Legislation.

HMRC has also confirmed that genuine umbrella solutions fall outside of the scope of the Off-payroll in the public-sector tests.

As your umbrella solutions are in line with HMRC's understanding of an umbrella provider then, in our opinion, the company would therefore fall outside the scope of the MSC legislation, and not be classed as a Managed Service Company Provider.

The umbrella also meets the obligations as set out in The Onshore Employment Intermediaries Legislation in the application of PAYE to their workers and therefore does not represent any risks of debt transfer back to recruitment companies in relation to this legislation.

We have taken this into account when carrying out the compliance review.

People Paye – PAYE - PEO

Agreed with the recruitment companies where the workers would be offered the PAYE rate and costs of employment would be invoiced separately. As there is no joint employment in place, as the workers are employed by People Paye, VAT applies to all payments between People Paye and the recruitment company.

The process of employment, including signing of contracts and explanation of arrangements is handled by People. This follows a very similar process to umbrella in meeting all the legal requirements.

People Paye – Joint Employment

This is only offered where an agreement has been reached with a recruitment company and the Master Agreement for Joint employment has been signed by the recruitment company and People.

The recruitment company advises the worker of the PAYE rate and the agreement between the recruitment company and People covers all costs of employment.

Where the cost is a 'cost of employment', such as gross wages including holiday pay, employers NIC, apprenticeship levy and statutory payments these costs are VAT exempt.

A charge is also made to the recruitment company calculated as %age of gross wages, including holiday, to cover the operational costs of delivering the service. This charge is reviewed regularly to ensure it accurately reflects the actuals. This charge attracts VAT.

Professional Passport has attended a meeting with HMRC officials and obtained copies of HMRC correspondence confirming acceptance of these arrangements. These have also been recently reviewed again by HMRC and accepted.

The process of employment, including signing of contracts and explanation of arrangements is handled by People. This follows a very similar process to umbrella in meeting all the legal requirements.

CIS Umbrella

You do offer a CIS solution through your umbrella. The umbrella holds gross payment status.

The recruitment company must pay the umbrella aligned to its status under their own CIS registration.

Where an umbrella engages the workers through an overarching employment contract and pays those workers on a PAYE regime then the workers do not

need to be registered under CIS, for the purposes of the contract with the umbrella, and the umbrella company does not have to consider the workers' CIS status.
All workers are engaged through the umbrella as employees with PAYE applied to all their earnings.

In cases where workers consider that they are outside of SDC a year-end claims process is in place for them to reclaim tax on their expenses. This is done via either a P87 return or through SATR.

CIS Self-Employed

You do work with self-employed contractors within the construction sector.

Following the changes made on 6th April 2014 you discuss with recruitment companies the assessment they would need to make to engage workers on a self-employed basis.

Where a recruiter confirms that they want the worker to be engaged on CIS self-employed you confirm this instruction and the following points:

- That they area aware of their obligations to carry out an assessment of Supervision, Direction and Control as defined by The Onshore Employment Intermediaries – False Self-Employment legislation.

- They are aware that if HMRC successfully challenges this assessment the additional taxes would become due and this liability rests with the recruitment agency.

- That you do not offer any indemnities against these liabilities

On the first request you will ask for a signed confirmation of these points from the recruitment company. Further requests from the same party will receive confirmation of the terms although you will not in all cases ask for a signed confirmation. Your intention is to obtain signed confirmations as often as possible but recognise the on-going practicalities.

All these measures are in place to ensure that only those who are genuinely self-employed and eligible for CIS registration operate through the self-employed route all others operate through the CIS Umbrella.

Where a recruitment company confirms that they have applied an SDC assessment and confirm the worker can be engaged as CIS Self-Employed you would accept them into your self-employed service.

Your CIS solution is in line with many of the offerings currently in the market; providing payroll and administrative support to self-employed contractors who work specifically in the construction industry.

The contractor's name, national insurance number and UTR number are sent through E-File to HMRC. HMRC's reply will confirm whether payments should be made at 20% or 30% or whether the result is 'unmatched.' If the result is unmatched, the contractor will always be paid at the higher rate (30%) until advised otherwise.

The terms and conditions accepted by contractors confirm that they are genuinely self-employed.

You offer a SATR service to support the CIS self-employed if they wish to use you. They are free to select any accountant, or complete the return themselves if they wish.

You would charge a fee for this service.

You hold gross CIS status.

Accountancy PS Pro Offering

Your PS Pro offering is tested for compliance within the MSC Legislation.

You accept you are involved, as defined in the Section 61B(2), Chapter 9 ITEPA, although as all income is fully taxed as employment income you pass the test contained within the MSC Legislation technically removing the companies from being assessed as MSC's.

Furthermore, there are no employee expenses allowable in this model and as a result there is no exposure to the Recruitment Company or workers under the new debt transfer rules relating to travel and subsistence as described in The Finance Act 2016.

Because of this classification it is essential that all payments made to workers remain fully taxed under PAYE.

The model also falls outside of the scope of the new off-payroll Chapter 10 rules as the worker has less than 5% ownership/control of the company.

We have taken this into account when carrying out the compliance review.

Accountancy Services

You offer an Accountancy Service Solution, with part of the offering specifically aimed at the Contracting Market.

Within the MSC Legislation there is an exemption for Accountancy Services although the Accountancy Service exemption is denied to any Service Provider who is "in the business of promoting or facilitating the use of companies" as it includes the word "merely" in Section 61B(3).

From our discussions and the documentation you have provided to us it is likely that HMRC would view you as a Managed Service Company Provider within the terms of the MSC Legislation.

As a result of this classification it is essential that there are no actions that could be seen by HMRC as you being “involved” in your clients limited companies as defined in the Section 61B(2), Chapter 9 ITEPA.

Areas You Do Not Get Involved

Direct Contractor Mileage Expenses from General Earnings

You do not allow claims for mileage expenses against a contractors general earnings.

SDC Assessment

You do not assess SDC for any umbrella workers.

In relation to CIS self-employed workers your terms make it clear to agencies that this assessment is their responsibility and should these be successfully challenged by HMRC it is the agency that holds the liability.

You have an internal check in place to ‘sense’ check instructions received from agencies and where there is a conflict you revert to the agency to agree how to proceed.

IR35 Assessments

You do not offer any IR35 assessments to end clients or agencies in line with the requirements set out in the Off-Payroll Legislation.

You do not promote, facilitate or provide any form of tax loss insurance.

NOTE:

If you do develop, or intend to offer, any of the above please contact Professional Passport at the earliest point so we can discuss the compliance requirements.

If you actively offered any of these without them first being included in your compliance review, we would have to suspend your membership until a full review had been carried out and passed.

Umbrella Sub-Contracting to PSC’s

You have confirmed that workers engaged through the umbrella are on an employment contract with PAYE applied to their earnings. You do not sub-contract to PSCs through your umbrella and operate as a ‘Fee Payer’ within the terms defined through the Off-Payroll Working Legislation.

We are unable to approve any provider who offers this type of service.

Third Party Introducers or Outsourced sales/Onboarding Function

You confirmed that all enquiries are generated from your own efforts and you do not outsource lead generation to any third-party providers.

You also confirmed that you handle the sales and onboarding functions internally and do not use any outsourced third-party companies.

We have had many issues where third parties offer services to approved providers and use the providers brand as a front to market a series of non-compliant offerings. This will result in your brand being damaged very quickly in the market as well as tarnishing the Professional Passport Brand.

For this reason we are unable to approve any provider who uses these types of service.

Elective Deduction Model

You have confirmed that you do not offer the style of engagement that has become known as the Elective Deduction Model [EDM]. This involves engaging the workers as self-employed and the voluntarily applying PAYE to all the earnings.

We are unable to approve providers who actively market these arrangements.

Pay Day by Pay Day

You have confirmed that you do not operate any policy that could be described as Pay Day by Pay Day. In all cases, allowable expenses are only paid after National Minimum Wage obligations have been met and full PAYE is applied to those earnings.

We are unable to approve providers who actively market these arrangements.

Employment Allowance NI Relief

You confirmed that you are not creating companies with small groups of contractors in order that they can claim the Employers NI relief.

We are unable to approve providers who actively market these arrangements.

Loans and Disguised Remuneration

None of your services offer, or include, any part of the income being classified as a loan, annuity, shares, a capital advance involving mutual, joint or co-ownership, or a payment derived from a revolving line of credit facility, or some other non-taxable form.

We are unable to approve providers who actively market these arrangements.

Offshore

You have no services that have any element of offshore payments.

We are unable to approve providers who actively market these arrangements.

VAT Concession for Nursing Agencies

You are aware of the VAT concession available to employment businesses and employment agencies that supply workers as defined within the concession; The Nursing Agencies' Concession.

You are also aware that the current guidance we have from HMRC indicates that this concession cannot be relied upon by an umbrella company supplying employees to the employment business or employment agency.

As a result, you have confirmed that in all situations VAT will be applied to all invoices to recruitment companies through the umbrella.

Where a joint employment arrangement is in place the VAT is dealt with through this arrangement.

General Information

Multi-Site Worker Assessment

You have a process in place to identify workers who would be considered as 'multi-site' and operate across several temporary workplaces.

Your processes allow you to identify the workers permanent place of work, where there is one, and journeys to temporary sites.

Key Information Documents

You can supply recruitment companies key information documents for workers who have decided to operate their assignments through yourselves. These follow the prescribed process in order to comply with regulation 13A of the Conduct of Employment Agencies and Employment Businesses Regulations 2003 (the 'Conduct Regulations').

Pensions Auto Enrolment

All companies within the Group where there is an auto enrolment requirement are enrolled through NEST.

On the Umbrella and PEO arrangements you postpone workers for 3 months before joining. You provide clear information to workers explaining their options and how to request to join earlier than the auto enrolment date if they wish to. Umbrella workers are auto-enrolled immediately.

Where a worker is enrolled in the pension on the PEO arrangement an updated KID document is avaiulable on the portal to both the agency and contractor so they can update the document supplied to the worker.

In many cases workers confirm that they do not want to join the pension and intend to immediately opt out. Where this is clearly going to happen you do not provide the update KID information as once opt out occurred this would have to be undone.

You monitor your employee's eligibility on an on-going basis and in line with requirements; pay, age etc.

Employees receive details of their eligibility (pension category) when they are assessed for the first time.

This will be one of three letters:

- Eligible jobholder
- Non-Eligible jobholder
- Entitled Worker

They receive a further letter if they become an eligible jobholder after their first payment. (i.e. if their earnings increase or they become eligible due to age)

Where an employee remains in the scheme their pension deductions will be shown on their payslip.

All other processes are in line with the stated regulations.

The PSC, PS Pro and self-employed offerings are generally outside of auto-enrolment. Should a PSC have more than one shareholder / employee, and as a result come within the requirements, the pensions auto-enrolment would be addressed individually for that company.

Agency Workers Regulations - Umbrella

You only offer a full matched pay offering under the terms of the Agency Workers Regulations 2010 using a standard worker contract.

Your default matched holiday pay is set at 28 days which equates to 12.07%.

You also have a co-employment contract for workers engaged jointly with your recruitment partners and this is on a matched pay arrangement.

Employment Contracts

We carried out a review of the employment contracts used within the offerings and found these in line with the obligations for employment set out in the range of offerings.

We also found no conflicting terms or statements in any of the documentation we reviewed that could weaken the contract's status.

Holiday Pay

You operate accrued holiday pay as your default position.

Your Holiday Year runs from 1st September to 31st August each year.

A worker can select rolled up if they wish and you require a written confirmation from them to confirm this request and also that they understand no holiday pay will be held back for them.

Holiday pay is calculated on the gross taxable income paid to a worker.

You allocate the workers holiday pay at 12.07% [28 days] on the standard contract although this can be varied if required to meet Agency Workers Regulation relating to comparable pay.

Holiday pay is individually recorded and detailed on the payslips provided to the contractor employees.

Where holiday is accrued you transparently show how much is available and warn workers that this must be taken before the end of the holiday year.

You do not apply a margin deduction at the point of paying accrued holiday pay, where this is the only payment being made, as this would reduce the holiday pay below the required level. You are also covering the employment costs associated with this payment.

As a result, you have processes in place that makes this transparent to those workers with positive balances in the run up to the year end and encourages them to take their unused holiday. It also makes clear the consequences of not taking it.

Any balance of holiday pay funds is repaid as part of a worker's final payment.

People Payments

Holiday pay is worked out on 12.07% of the gross pay of the workers. This aligns to the terms stated in the employment contract.

Holiday pay is individually recorded and detailed on the payslips provided to the contractor employees when paid.

All holiday pay is paid out on every pay run.

Margin Deductions

The charges on People Umbrella is up to a maximum of £20 per week.

The worker has no ability to change or influence the margin deduction and therefore we believe this will take the margin outside of VAT and remove any diversion of income issues.

People Pay co-employment carries a %age charge paid by the recruitment company and VAT is charged on this.

People PAYE carries banded charge rates of between 7% and 18% paid by the recruitment company. This includes the employment costs as the rate offered is a PAYE rate.

Should you develop contractor selectable options then the additional costs, over and above your standard margin deduction, for these must be treated as a fee and should be subject to VAT and be taken from the net income of the worker.

Timesheet Commissions and Agency Incentives

Where required you would agree terms with recruitment companies where they are regular introducers.

You prefer to only deal on a B2B basis.

You do not provide any payments to consultants directly.

If you were to make a payment to a consultant of a recruitment company this is always made using HMRC tax award scheme. The recruitment company is also aware of the rebates and given permission.

Data Protection

You are registered with the Information Commissioners Office for Data Protection.

People Umbrella Limited The renewal date is October 2023	ZA282905
People Payments Limited The renewal date is April 2024	ZA177242
RACS PSC Limited The renewal date is June 2023	ZA119244
People PAYE Limited The renewal date is March 2024	ZA324670
People Group Services Limited The renewal date is January 2024	ZA487708

This information was confirmed through checks carried out on the Data Protection Register.

Money Laundering

There is no requirement for People Pay as employers, to be registered and regulated under the Money Laundering Regulations 2007.

People Payments and People PSC are registered for money Laundering directly with HMRC.

You provide training to relevant staff in this area and have clear policies in place.

People Group Insurances

The terms of the policies cover all the companies within the People Group with the same terms applying.

Employers Liability Insurance

You have £10,000,000 of Employers Liability insurance any one occurrence.

The insurance is provided by Hiscox.

A copy of the policy was provided.

Professional Indemnity Insurance

You have £5,000,000 cover any one claim excluding defence costs.

The insurance is provided by Hiscox.

A copy of the policy was provided.

Public / Products Liability Insurance

You have £10,000,000 of Public and Products Liability insurance.

The insurance is provided by Hiscox.

A copy of the policy was provided.

HR

Your HR Director Sarah Hillier handles all HR for both internal staff and employees of the umbrella companies.

IT

It is clearly recognised throughout the organisation that IT plays a major part in the delivery of your objectives and the reliance on this aspect is likely to increase as the proposition is developed further.

There are a number of on-going projects for your IT development and you see this as a key development area for the business.

You see IT becoming one of the key positive differentiators in delivering your service objectives.

You have a bespoke system that contains your client information and key data; this links to a number of recognised accountancy service packages including IRIS, Sage and Just Accounts to deliver the services.

Website

We have carried out a full review of your websites displayed on the domains

http://www.peoplegroupservices.com

The website audit reviews all pages publicly available on these domains.

We believe the sites information is presented in a way that is representative, accurate and compliant.

Processes and Procedures

New Joiner Initial Consultation

The Registrations Team deals with all enquiries.

An initial consultation is held to establish the clients' circumstances and identify the appropriate operating structures for their situation.

You have developed a Best Advice Matrix (BAM) that covers a number of the key areas that would influence appropriate operating structures. The registrations team use this as a base for the conversation.

The best advice matrix will suggest one or a number of potential options available to the client. The registrations team would discuss the key aspects of each to establish which one is most appropriate based on the individual circumstances of that client.

You also make checks to confirm whether a client carries out their contracts in the public sector and therefore is subject to the new off-payroll in the public-sector Chapter 10 rules. This will influence the BAM result and PSC would not be shown as an option.

The options are:

- Umbrella
- CIS Self-Employed
- PAYE
- Joint Employment
- PSC
- PS Pro

The client is taken through a series of questions and key information that includes:

- Personal Details
- Agency Details
- Contract Details
- PSC/PS Pro Relevant Information

The system then applies the Best Advice Matrix and highlights the arrangements appropriate to the worker and the returns that could be expected from each of the suggestions.

The Registrations Team would then take the client through the key aspects of each.

PAYE

Where the suggested structure is PAYE the registrations team would cover the key aspects of operating through this structure:

Confirmation that you would engage them on an employment contract and they will become an employee of People.

Agency PAYE Rate

Auto Enrolment

No Expenses other than agency reimbursed

Margin, where applicable

AWR

Holiday Pay

Umbrella

Where the suggested structure is umbrella the registrations team would cover the key aspects of operating through an umbrella with People including:

Confirmation that you would engage them on an employment contract and they will become an employee of People.

Margin

Holiday Pay

Tax and National Insurance

Auto Enrolment

No Expenses other than agency reimbursed

AWR

PSC

Own Limited Company

Directors Responsibilities

Insurance

IR35

Liabilities

Roles and Responsibilities

Limited Company Tax including VAT at a high level

Remuneration, including dividends and salary

Bank

Expenses

Fees

Insurance

They then overview the start up process including incorporation.

PS Pro

Limited Company

Shareholding

Insurance

Limited Company Tax including VAT at a high level

All pay is subject to PAYE

No expenses, except fee and insurance which is offset

Fees

They then overview the start up process including incorporation.

Only after these key areas had been discussed, would the recommendation be finalised with the client and the appropriate recommendations letter and application pack sent.

The detailed process for joining and on-going operation is documented below by product category.

Umbrella Proposition

This section covers the processes applied to this element of the business.

The employment is supported by an assignment-by-assignment employment contract.

Only agency reimbursed expenses are processed through the umbrella.

The worker is paid the Limited Company rate by the recruitment company, i.e. the uplifted rate.

A margin is deducted from the gross funds received.

New Joiners Processes – PAYE / Umbrella

Application Pack

An application pack is sent to all new joiners and must be fully completed before they can be set up on the system as active.

The pack includes:

- Application Form
- Employment Contract
- P46 form
- Outline of documents required to establish identity and right to work
- Illustration
- Recommendations letter

The client is required to sign the appropriate documents and return to People.

There is also an online version of the registration process and this includes the same information as the paper process with an electronic signature required from the contractor as acceptance of joining.

Once received back the client information on the system is updated and checked and the client status would then be changed from prospect to client. This change in status allows processing of timesheets, expenses and pay.

A Welcome pack would then be sent to the client and this includes:

Confirmation of the details held on the system for the client including personal information and bank details

Contract of employment

Example pay advice with guidance

Eligibility to Work in the UK

Where the co-employment model was used the recruitment company is responsible for carrying out the right to work checks.

In all other cases you make checks to establish that a worker has the right to work in the UK.

Whilst you make these checks you recognise that they fall short of the Statutory Excuse requirements, the statutory excuse only applies where checks are made face to face with original documentation, and therefore will not provide any appeal against any fines applied if an illegal worker is found to be engaged.

Your checks are also designed to highlight potential issues as well as potential employees from sensitive areas such as Bulgaria, Romania and countries outside of the EEA.

You are happy that these align to your business risk profile.

Agency Workers Regulations

On co-employment and PAYE bureau it is the recruitment company's responsibility to ensure the rate covers both matched holiday and matched pay.

Where an uplifted rate applies you have processes in place to establish and confirm the workers position in relation to the Agency Workers Regulations.

All workers are engaged through the matched pay worker contract. This is confirmed to the recruitment company at the point of requesting contract details. You also confirm that the default holiday pay on your employment contract is set at 28 days.

Where you have an ongoing relationship with a recruiter you will put a Master Services Agreement in place. This typically confirms the over-riding terms of the relationship including the fact that engagements are offered on a matched pay basis. It also allows the recruitment company to provide a single page assignment confirmation document when engaging new workers.

You also send requests for information to the recruitment companies. The requests seek confirmation of both comparator information on pay and holiday pay entitlement. Where these have not already been provided to confirm the worker's status.

Recruitment Company Contracts

Recruitment company contracts are reviewed before signing to ensure there are no conflicting statements or open ended/unacceptable indemnities or liability clauses. Any issues highlighted are addressed with the agency and amendments are agreed and made.

Where there is an on-going relationship with the recruitment company and a contractual relationship has been established the recruitment company can supply a single sheet assignment schedule. This assignment schedule documents all the key terms relating to a specific assignment such as:

- All the available rates
- Location/site
- Start date
- End date
- Termination clauses
- Chargeable expenses
- Insurance requirements

You are aware of the obligations to pay the contractor employees a minimum of National Minimum Wage for the actual hours they work regardless of whether you have received payment from the recruitment company or end client.

During the sign up process the contractor employee confirms their expectations on the assignment including rates. This is checked on the terms supplied. Any discrepancies would be checked and confirmed with the worker before signing.

Where an assignment schedule contains special provisions you would also highlight these to the contractor employee to ensure they were prepared to accept the conditions relating to that assignment.

An assignment schedule is produced and sent to the worker as a confirmation of the assignment details. Once confirmed as correct you sign the agency contract.

Self-Billing Arrangements

Many recruitment companies now operate self-billing arrangements in these cases you ensure that a formal self-billing agreement, in line with HMRC guidelines, is signed and in place.

You also ensure that when you receive a remittance advice you can clearly establish the hours/days the worker has worked. This ensures your on-going compliance with National Minimum Wage.

Where a worker is on a daily rate and you only have confirmation of days worked you apply the specified contractual hours for national minimum wage purposes.

On-going Client Management

In all cases you ensure you have the appropriate contracts between People Group and the recruitment company for each assignment and this is reviewed as part of the signing on process.

Once the assignment commences the contractor sends timesheets to their agency with a copy to People. The agency would confirm both the hours and the rates and send this confirmation back to People.

On receipt of this confirmation the payroll team would create an invoice on the system based on the information provided by the agency.

Once invoices are created these are allocated to the next pay run.

The holiday pay is also be included as part of the import in to payroll as the appropriate tax and NI needs to be deducted.

The payroll process ensures that in all cases NMW requirements are met before the payment of any expenses. Where the NMW requirement restricts the expenses that can be paid the residual amount would be held over until the next pay run.

Once calculations are complete, a BACS file is produced and sent for payment and the payslips are available to view online. An SMS message is also sent to the employee.

Expense Management and Controls

People does not allow any expenses to be claimed and relieved at time of payment. In all cases the worker will be required to make a year-end claim for expenses using either a SATR.

Agency Billable / Rechargeable Expenses

The allowable expenses claimed from agencies will only be paid to workers as an expense where they can be shown as meeting the rules for allowable expenses. Section 289A, Chapter 7A ITEPA.

The additional funds received must be supported by an allowable expense claim and have no impact on the contractual monetary value received, ‘the general earnings’.

You do not reimburse expenses above the additional monies received as you recognise that this breaches the relevant salary sacrifice rules.

Any additional monies received that cannot be apportioned to an allowable expenses claim will be taxed through PAYE as part of their income.

In all cases you require an appropriate expense claim form, with attachments, from the worker. This must hold enough information to demonstrate the expenses meets the rules for allowable expenses.

Leavers Processes

Where a contractor asks to leave checks would be made on any outstanding funds, including holiday pay, and a final payment would be processed. A P45 would then be produced and sent to the individual.

New Joiner Process – PS Pro

The New Business Team deal with all new enquiries; where the initial indicators suggest that the contractor could consider operating through the PS Pro limited company they cover the key points of operating through a limited company and seek to assess the worker as being suited to this mode of operating.

The consultant gathers information specific to the worker that helps confirm whether the limited company option could be right. The PS Pro has been specifically designed as a service for those workers who operate their contracts within the public-sector. The information gathered includes:

- The Rate
- Contract Length
- Their Intentions
- Contracting History
- Public Sector Body they operate with
- Assignment Details such as
    - Length
    - Start Date
    - Recruitment Company
    - Role Title

If the contractor and consultant agreed that a PS Pro limited company is the preferred route the consultant would over view the processes for getting started and using the PS Pro service.

The key points covered include:

- Setting up the limited company
- Shareholding
- Income and Tax
- VAT including FRS
- No Expenses

An illustration and a summary of the discussion are sent by email to the client.

Where a client selects to operate via a PS Pro limited company a 64-8 is included in their joining pack for them to select People to be the company's agent.

The consultant would also go through the details required to establish the company including explaining the shareholding and directorships.

The PS Pro Company is setup with amended Memorandum and Articles of Association that require all income to be paid as employment income and specifically precludes any payments of dividends.

Once the company is formed you complete the required registrations for the company including, PAYE, Corp Tax, VAT.

VAT

FRS is not used in the companies.

Employment Contract

All clients engaged through the PS Pro are provided a contract of employment. This means that in all cases the National Minimum Wage must be paid.

Salary

It is confirmed with the client that all income, after allowable deductible business expenses such as insurance and fees, would be paid subject to full PAYE deductions.

There are no employee allowable expenses.

Dividends

The Memorandum and Articles of Association specifically preclude any payment other than through salary therefore no dividends would be available.

Should a client, as the director of his or her own limited company, decide to amend these then you would refuse to act at such time.

The terms and conditions supporting the service require clients to inform you immediately should any of these terms change.

Returns and Reports

Your systems record all the key dates and references for each of the PS Pro limited company clients.

When a return is due to be made you prepare the required information and ensure the return is submitted in line with requirements.

Monies are held for forecasted liabilities and where a payment is required you would also carry out that instruction if a direct debit were not in place.

Banking

All monies from recruitment companies for the PS Pro clients are paid in to a Client bank account. This ensures that monies received are clearly identifiable as separate to the general funds of People.

People transfer from the Client account to their normal account any fees that are due from the PS Pro for the provision of the services and insurances.

The Client Account account pays the net income to the worker and any relevant taxes due to HMRC, where a direct debit with HMRC was not setup.

Insurances

The PS Pro's are provided with all the required insurances.

Certain sectors and/or occupations are declined for insurances, normally PI and in these cases the advice would either be that the client seeks their own arrangements or they are advised to operate through the umbrella offering.

Expenses

There are no allowable employee expenses within the PS Pro service. Clients who feel they have allowable expenses would claim these through a year-end claim on their SATR.

Invoicing

Where there is no self-billing in place invoices would be produced and submitted to the recruitment company for the services provided.

Accounts Production

After the company year-end the accounts are prepared in line with Companies House and HMRC requirements.

Copies of the accounts would be sent signed by the 'common' director and submitted to Companies House.

The structure of the company and how monies are handled means that it is unlikely that any further taxes would become due.

Dormant Company

In some circumstances a contractor may have an extended period away from contracting, in these cases the company would be made dormant.

Leavers Processes Limited Company

Where a PS Pro Limited Company client confirms they wish to leave or have amended the arrangements where People would be unable to act any longer, they could transfer the company to the PSC offering or take the company to a different firm of accountants.

In all cases you would supply information to the new provider in accordance with recognised professional guidelines.

Closing a limited company

Where a contractor ends their contracting career and longer has the need for the PS Pro Limited Company you will prepare the final accounts and all required paperwork to close the company.

Self-Assessment Tax Returns

Clients have the option where People can complete their SATR.

This is provided free of charge where the returns are 'simple' returns. In situations where the clients have additional incomes or investments the returns would be considered complex and charges would then apply. Any charges would be agreed in advance with the client.

This service is charged as a personal expense to the client and subject to separate terms and conditions. This has to be paid from their net income and there would be no diversion of funds.

New Joiner Process – PSC

The New Business Team deal with all new enquiries; where the initial indicators suggest that the contractor could consider operating through their own limited company they cover the key points of operating through a limited company and seek to assess the worker as being suited to this mode of operating.

If at any point during the discussion the contractor, or consultant, feels that limited company would not be the appropriate route then the contractor is sent back in to the umbrella company joining process as documented above.

You would not place contractors in the public sector within a PSC as a general rule as the new Chapter 10 rules make this option the least attractive and most complex.

The consultant gathers information specific to the worker that helps confirm whether the limited company option could be right, this includes:

- The Rate
- Contract Length
- Their Intentions
- Contracting History
- IR35 status
- Assignment Details such as
  - Length
  - Start Date
  - Recruitment Company
  - Role Title

If the worker was unsure of their IR35 status and wanted this confirmed you refer them to a professional review firm, typically Bauer and Cottrell.

If the contractor and consultant agreed that a limited company was still the preferred route the consultant would over view the processes for getting started and using the PSC service.

The key points covered include:

- Setting up the limited company
- Opening a business bank account
- Salary
- VAT including FRS
- Expenses
- Impact of High Rate Tax

The consultant discusses these at a high level and in line with guidance; full details and personalisation is carried out once the client joins and is allocated a member of the accounts team.

An illustration and a summary of the discussion is sent by email to the client. The illustration would look to personalise their likely expense claims based on information provided.

The consultant would also seek to identify the most appropriate services/product to meet the client's need and confirm this to them in the recommendations email.

Clients can select any bank for their business banking. Once the company is established the contractor commences the opening of the bank account.

Once the bank account is opened People can assist the contractor with the other registrations such as PAYE, Corporation Tax, and VAT including FRS where appropriate.

Where a client selects to operate via limited company a 64-8 is included in their joining pack for them to select People to be the company’s agent.

PSC IR35 Checks

You highlight to all the PSC clients the importance of an accurate IR35 assessment.

It is the contractor’s responsibility to inform you of their status and you will act on their instructions.

You recommend and refer those workers who are unsure of their status for a professional IR35 Assignment Review.

Your processes have been amended in line with changes to IR35 so that a worker inside IR35 would be considered as inside SDC, and visa versa, and the deemed payment calculation would not allow for any travel and subsistence expenses.

PSC Department

Once a new client agrees to operate through their own limited company using People’s services the client would complete an application form.

This form details their preferences in the following areas:

- Preferred Company Name
- Shareholding
- Directors

Once this has been received you would form the company for the client.

At this point the client is allocated a dedicated account manager who will discuss and personalise all the advice to the client based upon their individual circumstances.

Once the company is formed you request the client opens the company bank account.

A client can use any bank.

Once the bank account is opened you would assist in completion of the required registrations for the company including, PAYE, Corp Tax, VAT.

The account manager contacts the client at various stages throughout the joining process to discuss each aspect, makes recommendations to the clients based on their circumstances and then takes the clients instructions.

The account manager would complete notes on the form to demonstrate the discussions that took place and the instructions received by the client. A summary of discussions, recommendations and outcomes is also sent to the client.

The clients can contact their account managers at anytime to discuss any issues and amend their instructions.

Additional Shareholders

In certain situations clients request additional shareholders within the business. Where this is requested you discuss with clients the reasons and justifications for this.

Where appropriate you would set the company up with the additional shareholder and confirm the client's instruction and reasons.

You emphasise to clients both the benefits and risks associated with appointing additional shareholders within the business.

VAT

Advice given to clients on VAT registration depends on a number of factors such as their business sector and anticipated turnover.

Consideration is also made for the FRS and a discussion around anticipated expenses and invoices would determine the advice in this area. You make checks around the new limited cost trader rules for FRS.

If it were concluded that registration for VAT and/or including FRS is appropriate the client would be assisted in completing the registration forms.

A summary of the information that leads to the advice is sent to the client as confirmation.

Following the changes to FRS from April 2017 all clients have been reviewed and advised in light of the changes.

Salary

A discussion is had with the client that helps them understand how money is treated within the company and how/what taxes are applied to that money. This helps the new limited company contractor understand their options.

In all cases clients are advised that they should never pay themselves below the NI threshold as this has significant drawbacks and looses additional beneficial allowances.

Clients are free to select any salary they feel to be appropriate and this is agreed and set on the system.

A summary of these discussions and any relevant information that resulted in the recommendation and/or instruction is sent to the client.

The clients at any point can change salary levels in the future.

The client is informed when their PAYE liabilities are due and the payment details and references that apply to them.

You only operate a monthly payroll for your limited company clients.

Where the business has additional shareholders discussions are also held on the salary level, if any, of these individuals.

Dividends

The Accounts Team explains what dividends are and how the system calculates and shows the contractor the maximum amount of funds that are available at that time.

You emphasise that dividends are different to salary and in all cases must be taken as a separate payment.

The system advises the funds available, what they select to take and when is entirely at the discretion of the director.

Where a contractor selects a dividend all the appropriate paperwork is produced for signing including:

- Minutes
- Dividend Voucher

A summary of these discussions and confirmation of what the clients has decided as their remuneration strategy is confirmed to the client.

Where there are additional shareholders within the business you emphasise that all dividend payments must be paid in to the shareholders named back account, or in the case of spouses, in to a joint account.

Returns and Reports

Your systems record all the key dates and references for each of the limited company clients.

When a return is due to be made the client is asked to bring all their information up to date by a certain date to ensure the return is correct.

The figures are prepared and sent to the client for acceptance together with the relevant payment instructions including any references they would require.

Where a direct debit is in place, usually for VAT payments, the client is informed of the figures and asked either to confirm that these can be submitted or to inform you if any of these require amending.

In all cases the clients are advised of the deadlines that apply and that fines will result if these deadline dates are missed.

You emphasise that it is their responsibility to ensure confirmations and/or payments are made correctly.

Where you are submitting any financial information relating to the company in all cases you send this to the client for approval prior to submission. Where clients fail to provide this confirmation you do not submit the return and the clients could become subject to a penalty.

You have processes in place to follow up clients who have not responded to help them avoid unnecessary penalties.

Banking

Your clients can, and do, select to operate through any UK Bank.

Insurances

You do offer a group PI/PL policy for limited company contractors that can provide significant savings on the cost of individual policies.

It is entirely the workers choice if they select this additional service.

Additional charges would apply where this service is selected.

You do not offer, promote or facilitate any form of tax loss insurance to the workers.

Expenses

Clear guidelines are set for allowable expenses on the PSC's; these are in line with HMRC guidelines. Only workers operating outside of IR35 can make claims relating to travel and subsistence.

It is the responsibility of the director to retain receipts for all expenses.

Expenses are reviewed to ensure they are accounted for correctly in the accounts of the PSC's.

Clients do seek guidance from the Team on allowable expenses.

Invoicing

Client contracts are set up on the system and this allows the clients a simplified invoicing process to their clients. The invoices generated through the system are automatically captured in to the accounting system.

Accounts Production

After the company year-end the contractor is asked to ensure all the information is up to date before the accounts production is carried out.

You also seek confirmation from the worker on their status throughout the year in relation to IR35.

If an assignment has been taken that was within IR35 you would ask the contractor to highlight this and the income that was received so the deemed payment calculation could be applied.

Once confirmed the accounts would be prepared in line with Companies House and HMRC requirements.

Copies of the accounts would be sent to the contractor to confirm their acceptance together with guidance on where to sign.

Once agreed and signed off by the contractor these would be submitted as required.

The contractor would be informed of any taxes due, the payment references and deadlines that apply. It would be their responsibility to ensure that payment was made within the required timeframes.

Dormant Company

In some circumstances a contractor may have an extended period away from contracting, in these cases the company would be classed as dormant.

Where a company is recognised as not active a reduced fee would be payable as there are still some returns that would have to be made. You have minimum charges that apply in any active year as accounts and returns have to be made.

Where the company is registered as dormant and no active trading has taken place a dormant company fee applies.

Leavers Processes Limited Company

Where a Limited Company client expresses, in writing, a desire to change their accountancy service provider; you would supply information to the new provider in accordance with recognised professional guidelines.

Closing a limited company

Where a contractor ends their contracting career and longer has the need for the limited company you will prepare the final accounts and all required paperwork to close the company.

There may be additional charges that would be applied depending on how long the worker had been using the service.

Self-Assessment Tax Returns

Clients have the option where People can complete their SATR at an additional cost.

If selected, clients will be asked to confirm other income, over and above that which People are already aware needs to be declared.

Clients will also be asked to complete a 64-8 so that People can become their personal tax agent.

This service is charged as a personal expense to the client and subject to separate terms and conditions. This avoids the service falling into a P11D benefit.

This report provides a true and accurate position for the company and its operational procedures.

Signed: ____________________________

Name: ____________________________

Position: ____________________________

APPENDIX

The Professional Passport Compliance Standards

June 2022 Edition

Accreditation Overview

Professional Passport is completely independent of any provider, agency or end client, and we believe is therefore in a unique position to objectively advise each sector of the marketplace.

The Professional Passport compliance standards are designed to ensure that providers we accredit operate compliantly within not only HMRC tax rules, but also across employment and the many other areas of applicable legislation.

The Professional Passport Accreditation is currently the only compliance accreditation to be supported by 'blue chip' insurance, for the protection of the agency and end client members of Professional Passport that utilise the services of our accredited providers, thus benefiting those providers themselves.

Professional Passport monitors the risks associated with the operations of accredited providers on an ongoing basis, with a view to ensuring that it remains commercially viable to continue to provide such insurance.

Likewise, we are continually reviewing and updating our standards, to help keep our providers at the forefront of operational standards, and to drive best practice across the sector. Often, the manner in which legislation is interpreted and enforced can change, and we aim to ensure any such changes are appropriately reflected in our compliance standards.

We require providers to demonstrate high levels of knowledge in the sector and the rules and regulations that apply. In assessing a provider, Professional Passport also looks to assess the organisation against 'soft fact' criteria, such as whether or not an "attitude of compliance" appears to be displayed throughout the organisation and its processes.

The Professional Passport criteria includes a review of all directors and persons with significant control of any business seeking an Accreditation, and including full disclosure of all associated businesses. These businesses will each be reviewed and assessed as either 'in scope' or 'out of scope' for the purposes of the Accreditation. The compliance review will document all businesses considered for Accreditation, as well as those that are 'out of scope'.

The Professional Passport Accreditation process is therefore not a 'tick box' exercise, and we require the highest level of transparency in a provider's operations, to ensure operations are in all respects compliant and lawful, and that workers are in a position to take informed decisions as to any arrangements they may choose to enter into.

The decision as to whether or not to award Accreditation is, ultimately, a matter for Professional Passport's discretion as to whether or not we have confidence that a provider is operating compliantly and in accordance with all applicable requirements.

The terms of a provider's Accreditation will generally have been set out in its most recent Professional Passport Compliance Report, supported by the required evidence file.

Potential Accreditation Areas, and 'Fail' criteria

There are six areas for which Professional Passport has developed compliance review standards, and in respect of which Accreditation is offered:

- Agency Payroll Bureau
- Umbrella - both with, and without, expenses
- Professional Employment Organisations [PEO]
- Joint Employment
- CIS
- Accountancy

As important as the services we can review and offer Accreditation are the services we cannot.

When considering applications for Accreditation, Professional Passport will review all service offerings by the provider and its associates. If any of those service offerings were to meet the Professional Passport 'Fail' criteria, the provider would be disqualified from Accreditation.

The service offerings currently falling within 'Fail' criteria, and which would disqualify a provider from Accreditation, are:

- Elective Deduction Model
- Umbrella Sub-Contracting to PSCs ('deemed payment')
- Pay Day by Pay Day
- Mini Umbrella
- Arrangements with 'Loans', or any other form of untaxed income / receipts
- Any arrangement that includes an element of pay from offshore or money being transferred offshore
- Umbrella companies relying on the Nurses Agency VAT Concession

  (for more details of the meaning of each of the above, see https://www.professionalpassport.com/Approved-Providers/Our-Compliance-Standards)

Other areas of activity may be added from time to time, although unless the activity were intrinsically non-compliant, currently Accredited providers would be given a reasonable opportunity to make changes, before risking loss of their continued Accreditation.

Ongoing requirements of Accreditation

Once a provider achieves Accreditation, there are ongoing obligations which include the following:

- You must authorise your payroll software provider to provide us with information from time to time on our request; such information shall not include personally identifiable information and shall be limited to information reasonably required to verify information received from the provider in the course of and relating to the compliance review. Such information may include (but shall not necessarily be limited to)
  - Total PAYE deducted *versus* RTI submission
  - Total holiday pay accrued *versus* paid out
  - Total non-taxable pay (excluding expenses), if any
  - Total expenses reimbursed.

- You must supply on request, and as a minimum as part of any verification review, a copy of your last 12 months VAT returns and PAYE accounts for all Accredited businesses.
  - Any interest, penalties or surcharges shown must have the full reasons behind those documented and evidenced.
  - Failure to pay on time could result in removal of the Accreditation

- All information provided to Professional Passport must be honest and accurate. Failure to meet this obligation constitutes grounds for immediate removal of the Accreditation.
- Professional Passport Accredited providers may only pass leads for services for which Professional Passport offers an Accreditation standard to another Professional Passport Accredited business. Passing enquiries to a non-accredited business would result in the loss of Accreditation.

The following must be notified promptly to Professional Passport, and such further information given as Professional Passport may reasonably require; failure to do so may result in suspension, pending further enquiries:

- Any material change to the provider's processes and/or procedures, as documented through the compliance review and/or evidence file
- Any changes to a provider's offerings, whether marketed directly, or by associated or third parties
- Any company changes, including changes of directors, changes to persons with significant control, changes to corporate structure, and additions and removals of companies

- Any resolution for winding up, arrangement or composition with creditors or application to a court of competent jurisdiction for protection from its creditors, any administration or winding-up petition or order, or any appointment of an administrator or receiver
- Any action by HMRC in relation to the provider, including receiving notification of a proposed visit, enquiry, or investigation

In some circumstances, there may be ongoing requirements that are provider-specific, for example requirements imposed which are associated with the lifting of suspension of Accreditation.

Maintaining Accreditation is subject to the provider passing annual Professional Passport compliance reviews.

Suspension of Accreditation

We may from time to time receive information which suggests that a provider is operating in circumstances where a possible ground for removal of Accreditation may apply.

We may receive such information from a range of sources, and we may receive such information in confidence. Whilst we will disclose the substance of the information to the provider, it follows that we will not always be able to disclose the detail, or the actual evidence received.

If we receive information which is *prima* facie credible, and which may reasonably be considered to raise grounds for suspicion that a provider may be operating either non-compliantly, or outside the terms of its Accreditation,

- we may, at our discretion, suspend the provider's Accreditation, pending further enquiry, and if we do so
- we will notify the provider of the general nature of the information received, and invite the provider's comment/explanation.

In such circumstances, it may seem appropriate for us to carry out a site visit to review specific evidence. Any such site visit is chargeable; however, if the site visit shows the information to have been incorrect, and that the provider has not acted outside the terms of its Accreditation, the cost of the site visit will be refunded.

A provider whose Accreditation is suspended must promptly (and in any event within 7 days) remove Professional Passport logos and branding from its on-line materials.

Removal of Accreditation

For a provider to remain accredited requires that Professional Passport continue to have the degree of confidence required to earn the Accreditation, ie that the provider continues to operating compliantly, and in accordance with all applicable legal and regulatory requirements.

Accreditation may at our discretion be removed from a provider if Professional Passport ceases to have that degree of confidence.

Possible grounds for removal of Accreditation include:

- a provider operating outside the terms and/or ongoing requirements of its Accreditation
- a provider providing Professional Passport with misleading or inaccurate information, or disguising non-compliant activities or processes, in relation to its Accreditation
- a provider providing Professional Passport with misleading or inaccurate information, in relation to the activities of another provider, and which information might affect the Accreditation of that other provider
- a provider or an associate operating a service offering falling within the Professional Passport 'Fail' criteria
- a provider failing to respond within a reasonable time to a request for comment/explanation from Professional Passport, following suspension of Accreditation
- a provider failing within a reasonable time to provide an adequate explanation and/or documents / additional information, consistent with the requirements of the provider's Accreditation, following a request from Professional Passport
- a provider failing to satisfy a request for documents or additional information within a specified and reasonable time frame
- a provider operating a service offering for which it is Accredited, but in a non-compliant manner
- a provider operating a service offering for which Professional Passport offers a compliance review standard, but where the provider is not Accredited for that service offering.
- a provider acting in a way that may reasonably be regarded as detrimental to the interests of Professional Passport and/or its Accredited providers, or which may reasonably be regarded as likely to bring Professional Passport and/or its Accredited providers into disrepute, or to give rise to claims against the insurance which is offered by Professional Passport for the benefit of its agency and end client members
- a provider failing to make legally required returns or filings (eg to HMRC or Companies House) on time
- a provider failing to cooperate with Professional Passport's requirements for annual compliance review
- a provider whose Accreditation has been suspended failing within a reasonable period to rectify the matters giving rise to the suspension
- a resolution for winding up, arrangement or composition with creditors or application to a court of competent jurisdiction for protection from

its creditors, any administration or winding-up petition or order, or any appointment of an administrator or receiver, in relation to a provider.

Consequences of Removal of Accreditation

Where Accreditation has been removed from a provider,

- Professional Passport may at its discretion (and, in certain circumstances, will consider itself obliged to) pass any relevant information in its possession to the appropriate authority; this may include HMRC, the Serious Fraud Office, BEIS, the ICO, and others.
- No refund of fees will be given
- the provider must promptly (and in any event within 7 days) remove Professional Passport logos and branding from all its materials (both on-line and otherwise).

General

We reserve the right in our discretion to make changes to these Professional Passport Compliance Standards from time to time. The version binding on all Accredited providers is the most recent version and this will be reflected through your current compliance review together with notices issued through our Provider Intell Newsletters.

Wherever we have a discretion, we will exercise that discretion rationally and in good faith.

Professional Passport reserves the right, in circumstances where Accreditation is removed, to pass any potentially relevant information in its possession to the appropriate authority. Subject thereto, Professional Passport will keep all information of a confidential nature obtained from a provider in confidence, and will not abuse or disclose such information without the provider's consent. This obligation does not apply to (i) information known to Professional Passport before disclosure by the provider, or (ii) information which becomes public knowledge without fault on the part of Professional Passport, or (iii) disclosures made to the extent required by some applicable legal or regulatory requirement.

Professional Passport is not liable for any loss or damage in excess of the higher of (a) £10,000, and (b) 125% of the total sums payable to Professional Passport by the provider during the 12 months immediately preceding the cause of action accruing, except where it may not lawfully exclude or limit liability. Professional Passport expressly excludes liability for economic, consequential loss or indirect loss or damage, or for loss of profit, business, revenue, goodwill, wasted expenditure or anticipated savings. Any liability or remedy for innocent or negligent misrepresentation is expressly excluded.

The Professional Passport 'Fail' criteria - Offerings which would disqualify a provider from Accreditation

Elective Deduction Model
Where workers are engaged by the provider as 'self-employed', and elect to pay PAYE taxes. [This arrangement is often used for low paid workers and whilst there are many variations, common features would include a failure to pay holiday pay, ignoring NMW requirements, and reimbursement of expenses that cannot properly be reimbursed without deducting tax.]

Umbrella Sub-Contracting to PSC's ('deemed payment')
Workers engaged through the umbrella are on an employment contract will PAYE applied to their earnings. We cannot approve any provider who uses the umbrella to sub-contract to PSCs and operate as a 'Fee Payer' within the terms defined through the Off-Payroll Working Legislation.

Brokers, Third Party Introducers or Outsourced Sales/Onboarding Function
You confirmed that all enquiries are generated from your own efforts and you do not outsource lead generation to any third-party providers.You also confirmed that you handle the sales and onboarding functions internally and do not use any outsourced third-party companies.

We have had many issues where third parties offer services to approved providers and use the providers brand as a front to market a series of non-compliant offerings. This will result in your brand being damaged very quickly in the market as well as tarnishing the Professional Passport Brand.

Pay Day by Pay Day
Was common at one stage but now seems less so. In this arrangement expenses were offset for tax relief which often resulted in workers receiving less than NMW.

Mini Umbrella
Contrived arrangements to access the employers NI relief and, in some cases, VAT FRS.

Arrangements with 'Loans', or any other form of untaxed income / receipts
Seeking to avoid tax on income by categorising some of the income as untaxed with common labels referring to: a loan, annuity, shares, growth shares, a capital advance involving mutual, joint or co-ownership, or a payment derived from a revolving line of credit facility, or some other non-taxable form. We still see these offered with false promises of compliance.

Any arrangement that includes an element of pay from offshore or money being transferred offshore

This is an area that regularly has new arrangements emerging with false claims of compliance.

Umbrella companies relying on the Nurses Agency VAT Concession
HMRC has made it clear to Professional Passport that this concession is not available to umbrella providers.