



Your Pay Ltd.

## Changing from employment to self-employment

If you have previously been employed and are now working as a self-employed subcontractor the manner in which you are engaged by Your Pay Ltd. is different. This leaflet highlights the key differences between employment and self-employment, so that you can better understand your contractual relationship with us.

As an employee:

- You were required to work in the manner dictated by Your Pay Ltd. as your employer
- You were expected to attend site each day and personally complete the work
- When work on one particular site is completed we would endeavour to find a suitable alternative role at an alternative site although this could not be guaranteed
- Payments were made at an agreed hourly rate with Tax and NI Contributions deducted at source
- You were entitled to claim expenses in accordance with Your Pay Ltd. expenses policy and qualifying expenses were paid to you with your wages following submission of a claim and supporting receipts
- You had employment rights such as paid holiday and entitlement to statutory state benefits such as Statutory Sick Pay and Statutory Maternity Pay etc, subject to qualifying criteria. As a self-employed contractor:
- You are engaged to supply your services but are under no obligation to work only for Your Pay Ltd. and Your Pay Ltd. is under no obligation to continue to offer work to you
- Your Pay Ltd. will issue a Work Order detailing the period for which



we need your services and you will contract with Your Pay Ltd. for this supply of services; there may be further Work Orders to follow but equally, Your Pay Ltd. cannot guarantee any future work

- You are able to decide how and when to do the work (subject to site requirements)

You will be paid for the hours that you work in accordance with completed timesheets and this information will be transferred to an invoice

Where the duties you perform fall within the scope of the Construction Industry Scheme (CIS), the appropriate CIS deduction will be taken at source

You will be responsible for payment of your Income Tax and National Insurance Contributions direct to HMRC and responsible for keeping appropriate financial records

You are expected to supply and use your own hand tools and you are responsible for ensuring that all work you do is completed to an acceptable standard

You are entitled to claim expenses as a deduction from your annual taxable income under rules set by HMRC and are required to retain receipts to support those expenses

If the standard of your work is not considered to be acceptable, you will be expected to rectify the problem at your own expense

If, for any reason, you are unable to supply your services you are allowed to send a substitute to work on your behalf, subject to their being suitably qualified. Your Pay Ltd. will pay you for the work of any substitute subcontractor and you will be responsible for all tax matters relating to this labour

You are not entitled to any employment related benefits such as holiday pay

You do not automatically qualify for statutory state benefits and would



need to make a claim direct to the Department for Work and Pensions in the event of your being unable to work for reasons such as sickness or maternity etc.

A useful summary of the differences between employment and self-employment is provided overleaf.

### Compare and Contrast

#### Employed

You work set hours or a set number of hours as dictated by your contract

You work set days as dictated by your contract

You are paid at an agreed hourly rate with tax and National Insurance contributions deducted at source

Unless terminated in accordance with your contract of employment you are entitled to expect the continuation of your employment

You must do the work in the way that your supervisor/manager instructs

You must do the work in the order that you are told

#### Self-employed

##### Mutuality

You contract with Your Pay Ltd. to supply your services subject to a work order You are able to refuse any work order You are not required to accept work from Your Pay Ltd.

You are under no obligation to accept further work, nor is Your Pay Ltd. required to offer you further work

##### Control

You are not subject to the supervision or direction of a supervisor or manager on site

Provided you complete the work to the required standard you are free to



choose how you do it

You may be paid off if the site is closed for reasons such as bad weather

You have to supply your own hand tools to do your work

If you want to take leave you notify the company but you do not need to ask their permission

You may be committed, under your contract to complete work within a specified period which may impact on your ability to take time away from work.

#### Substitution

You can arrange for someone to attend and complete the requirement of the subcontract on your behalf

You are responsible for paying the person who is substituting for you and are fully responsible for them

You are responsible for all tax liabilities relating to any substitute labour

#### Financial Risk

Hourly rate or supply of services is negotiated on offer of Works Order  
Deduction for CIS is made at source

You are responsible for your own payment of Income Tax and NI contributions above CIS deduction level

If the standard of work is not acceptable you are responsible for rectifying any problem at your own cost

Qualifying expenses are a deduction from your annual earnings so you receive the benefit as a deduction from your taxable income on an annual basis.

You may be moved to other tasks as your supervisor/manager sees fit You will be supplied with all tools and materials that you need to do



the work If you want to take any leave you have to apply to your employer

An application for leave may be refused

You are personally required to attend site to complete the tasks of your employment

You accept the hourly rate which Your Pay Ltd. offers to pay for your services For each hour worked you will receive your hourly rate Tax and National Insurance is deducted at source

Qualifying expenses are paid with your wages following submission of receipts

Want to know more?

If you have further questions on your employment status, talk to our Operations Team on 01525 712230 or visit our website at [www.your-pay.co.uk](http://www.your-pay.co.uk) or email us at [enquiries@your-pay.co.uk](mailto:enquiries@your-pay.co.uk).