

A change in legislation requires all PAYE information to be reported to HM Revenue & Customs (HMRC) in real time. This change means that Businesses (including clubs) will need to establish the Employment Status between any person and/or contractor who provides services in return for payment. The term “employed” or “self-employed” is called your 'employment status' and establishing the correct Employment status is very important for the following reasons:-

- Income Tax
- National Insurance contributions
- Social Security benefits and pensions
- Employment rights

Clubs cannot choose the employment status. It generally depends on the terms and conditions of the job or services being provided. For more information on employment status see <https://www.gov.uk/employment-status/overview>

Clubs are responsible for making sure the employment status is right. If you are unsure about your employee/worker/external contractor or your own employment status, you can use the 'Employment Status Indicator' tool on the HMRC website <http://www.hmrc.gov.uk/calcs/esi.htm>

The aim of this document is to provide a Helpful Guide and FAQs for Clubs and self-employed individuals in order to be prepared for Real Time Information (RTI).

1. Employed or self-employed?

The first step is to establish the employment relationship before any work is carried out. A step by step guide on how to use this tool is attached to this article. Please feel free to use this guide before logging on to <http://www.hmrc.gov.uk/calcs/esi.htm> to locate the ESI Tool. If the individual is deemed to be employed then all payments should be processed using payroll software compatible with RTI.

If an individual is self-employed this means they are in business for themselves. They must tell HM Revenue and Customs (HMRC) as soon as possible if they're self-employed otherwise they may be fined. Clubs are then required to keep the following documentary evidence:

- ESI tool indication – this is the indication that outlines the conditions that the employment status has been based upon, i.e. indication will state if the individual is self-employed or employed
- Engagement letter or contract between the club and the individual
- Invoices against which the individual has been paid (see Q2 for example of what information should be included on the invoice)
The individual will need to register with HMRC and complete a self-assessment form at the end of each tax year.

- Scottish swimming templates are attached to this guidance notice.

2. If an individual is deemed to be self-employed, this is the level of detail that needs to be included on the invoice?

- The word “invoice”
- UTR - 10 digit self-employed registration number
- ESI reference number
- A unique identification number (invoice number)
- The individuals name, address and contact information
- The name and address of the club that is being invoiced
- A clear description of services that are being charged
- The date the goods or service were provided (supply date)
- The date of the invoice
- The amount being charged
- Details of the VAT amount and rate applicable (if vat registered)
- The total amount owed and payment terms

3. What happens if the ESI tool establishes that I am employing individuals?

If you have individuals that are deemed to be employed by your Club then your club will be required to register as an employer with HMRC (unless already registered). The employer will be allocated a PAYE reference number and an Accounts Office reference number, unique to them. The employer is responsible for operating PAYE and reporting in Real Time using RTI compatible software. This can be purchased from a payroll software provider or if there are less than 9 employees, you can use HMRC's free Basic PAYE Tools.

Using HMRC's Basic Tools:

<http://www.hmrc.gov.uk/payerti/payroll/bpt/index.htm>

Software packages and other payroll options:

<http://www.hmrc.gov.uk/payerti/getting-started/payroll-system.htm>

4. Do I need a contract when coaching? A well written contract provides the coach and club with a clear definition of their working arrangement.

5. What sort of insurance does a self-employed coach need? If you are a member of Scottish Swimming (minimum of 16 years old and hold a UKCC qualification) then you will have insurance cover under your club's insurance policy (Public Liability). If not registered as a member, then you will need to ensure that you have your own individual insurance from e.g. IOS.

6. When will I have to register for VAT? Coaching lessons are considered to be VAT exempt if delivered personally by a sole trader/partner. Coaches who work as a limited company or whose lessons are delivered by other coaches

as part of their business must consider those lessons to be standard rated and therefore must be included in their calculation of their VAT threshold total. For more information on VAT go to www.hmrc.gov.uk/VAT

- 7. How often do I have to carry out a risk assessment?** This is not a standard requirement of insurance cover, but it is not unreasonable to expect coaches to carry out a risk-assessment when delivering sessions. See www.hse.gov.uk/pubns/indg163.pdf
- 8. Do I have to pay National Insurance contributions?** If you are self-employed you normally have to pay Class 2 National Insurance contributions. There is a guide that explains how much you pay and the circumstances when you may be exempt from paying. To find out about your wider tax and National Insurance responsibilities that apply when you are self-employed, read the related guide 'Self-employed tax and National Insurance' <http://www.hmrc.gov.uk/working/intro/class2.htm>

If you are an employee, the employer will deduct Class I National Insurance contributions from your wages/salary, if appropriate, and pay these over to HMRC on a regular basis.

<http://www.hmrc.gov.uk/payerti/getting-started/ni-basics.htm>

This guidance notice is intended for information purposes only. If there are any facts that are incorrect or need further clarification please could you contact the Finance Team at Scottish Swimming on 01786 466520