

AGENCY WORKERS: YOUR PAYROLL OPTIONS

If you are joining Driver Require for the first time or you are a Ltd Company worker transferring to PAYE, you must decide how you wish to be paid.

OPTION 1: Directly through the Driver Require payroll, or

OPTION 2: Indirectly through one of our FCSA accredited Umbrella Companies.

IR35 reforms are due to be rolled out to the Private Sector on 6th April this year, the effect of which will be to require many Ltd Company workers to transfer across to PAYE worker status. If you are a Ltd Company contractor and want to know why you may need to transfer to PAYE, then check out our other resources: driverrequire.co.uk/ir35#drivers

Many of our workers want to be paid directly through our own PAYE payroll. This is mainly because they trust Driver Require to be professional, efficient, and pay their wages accurately and on time every week. This has been recognised with our recent REC Audited accreditation which proves our payroll compliance. Others want to be paid through an Umbrella Company because this gives them one “employer” for tax purposes, so they can work for multiple agencies without having to worry about the tax implications (see box below).



To be clear, if you work through our payroll and then temporarily wish to work through another agency, you will have to go on the other agency’s PAYE payroll with “Basic Rate” tax code (“BR”), which means you will pay Basic Rate, i.e. 20% tax on your entire income from that agency. This is more tax than you would pay through us, because as your Primary Employer we deduct your tax-free allowance.

You can claim the overpaid tax by contacting HMRC and, if it is part way through the tax year, HMRC will adjust your tax code so you can recover the money due to you by paying less tax over the remainder of the tax year. Otherwise, after the end of the tax year, you can wait for HMRC to issue you with a form P800, which will declare what tax you are due to be refunded, and eventually a rebate or, if you cannot wait that long, you can contact HMRC directly to ask for a rebate sooner.

If we are your Primary Employer and circumstances change where you think you will be working mainly for another agency in the longer term, it makes sense for you to request a P45 from us so you can transfer to them as your Primary Employer, and then any further work you do for us will be at Basic Rate on all income.

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Whichever of the mechanisms you choose, in-house PAYE or Umbrella you will be receiving our gold standard service.

Holiday Pay and Pension – applicable to both in-house PAYE and Umbrella



Holiday Pay: You may have your Holiday Pay saved up (“Accrued”) (if requested) or (by default) paid with your weekly pay (“Rolled-Up”). If you opt for Accrued we will save your Holiday Pay up until you take holiday and we will then pay any applicable Holiday Pay upon your request.



Pension: You will be auto-enrolled into a Contributory Pension Scheme after 13 weeks of employment. This is a 5% contribution from your weekly pay. You have the right to Opt-Out of this at any time once you have been enrolled. If you are on the Driver Require PAYE payroll please tell us if you wish to Opt-Out and we will assist you with this.



The Umbrella Company Option

We understand that there is a general mistrust of Umbrella Companies because:

- There are many unprincipled Umbrella Companies in the market who have a reputation for selling questionable or even illegal products.
- Umbrella Company payslips are complex and hard to understand, which undermines trust.
- Umbrella Companies charge a fee for their service, while if you are directly on the agency payroll you will not be charged a fee.
- The agency will pay you an “Umbrella Rate”, which is more than the PAYE pay rate, but it is difficult to know if this is enough to compensate for the Umbrella Company’s fee and any other deductions, such as Employer NIC and Apprenticeship Levy etc.

We want you to be able to choose between Umbrella and our Payroll with the assurance that both are equivalent for you in terms of:

- ✓ **Net pay**
- ✓ **Quality of service**
- ✓ **Correct payment of taxes and statutory payments**

We have therefore committed to work only with FCSA accredited Umbrella Companies. These companies have been rigorously audited by the FCSA (Freelancer and Contractor Services Association) to ensure that they operate ethically and transparently, and correctly pay all taxes and statutory payments due on your income.

We pay our Umbrella workers 11% more than the PAYE gross rate, including Holiday Pay. This uplift in the rate covers the Umbrella Company’s £13 weekly margin (fee), Employer’s NIC and Apprenticeship Levy.

Umbrella Companies offer different additional benefits, and their margins can vary. We have listed these below so that you can decide which you prefer:

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Umbrella Company	Advance 	Crest Plus 	Fair Pay 	JSA 	NumberMill 
Weekly Fee	£12.95 (no expenses tax relief) £14.95 (with expenses tax relief)	£13.00	£13.00	£13.00	£13.00 (no expenses tax relief) £15.00 (with expenses tax relief)
Expenses Tax Relief	Yes, based on SDC analysis	Yes, based on SDC analysis as well as Tramping overnight allowances.	Client reimbursable expenses paid weekly. Tax relief to be claimed with HMRC at year end	Yes, Year-end claim	Yes, based on SDC analysis
Personal Accident Insurance	NO	Yes, including commute to and from work	Included as standard - including commute to and from work	Optional	NO
Other Benefits	Umbrella with expenses-SDC check completed over the phone. Salary Sacrifice-No additional cost.	Crest Plus Advantage Trade Point discount. Anchor PPE. Retail discounts. Physical and mental wellbeing support inc. free online classes	Flexr Rewards included as standard Retail discounts plus health & wellbeing benefits Android & iOS Smartphone Apps to manage employment	JSA Rewards Retail discounts.	NumberMill Loyalty points = free week every 12 weeks. Access to financial advisers.

WE'RE IN YOUR CORNER

If you have any questions or would like to discuss the changes in more detail, we're more than happy to talk you through the options and guide you through the steps to transfer over to UMBRELLA or PAYE.

Call your local branch or 0345 222 2121

For more information check out our IR35 web page at:

www.driverrequire.co.uk/ir35