



Grant Thornton

Workforce planning in practice: pay & governance

Tuesday 30 September | 10:00am–11:00am

Jonathan Berger

Director, Employment Tax

Phil Cavill

Manager, Employment Tax

Hana Cincalova

Manager, Global Mobility Services Tax

Tonia Danez

Associate Director, Employment Tax

Chris Girdlestone

Associate Director, Global Mobility Services Tax

Laura Hutton

Director, Global Mobility Services Tax



Agenda

- 1 Welcome & Introductions
- 2 National minimum wage
- 3 Off-payroll working
- 4 HMRC compliance focus
- 5 Global mobility services risks
- 6 Questions & Close

Welcome



Jonathan Berger
Director,
Employment Tax



Hana Cincalova
Manager,
Global Mobility Services Tax



Phil Cavill
Manager,
Employment Tax



Chris Girdlestone
Associate Director,
Global Mobility Services Tax



Tonia Danez
Associate Director,
Employment Tax



Laura Hutton
Director,
Global Mobility Services Tax

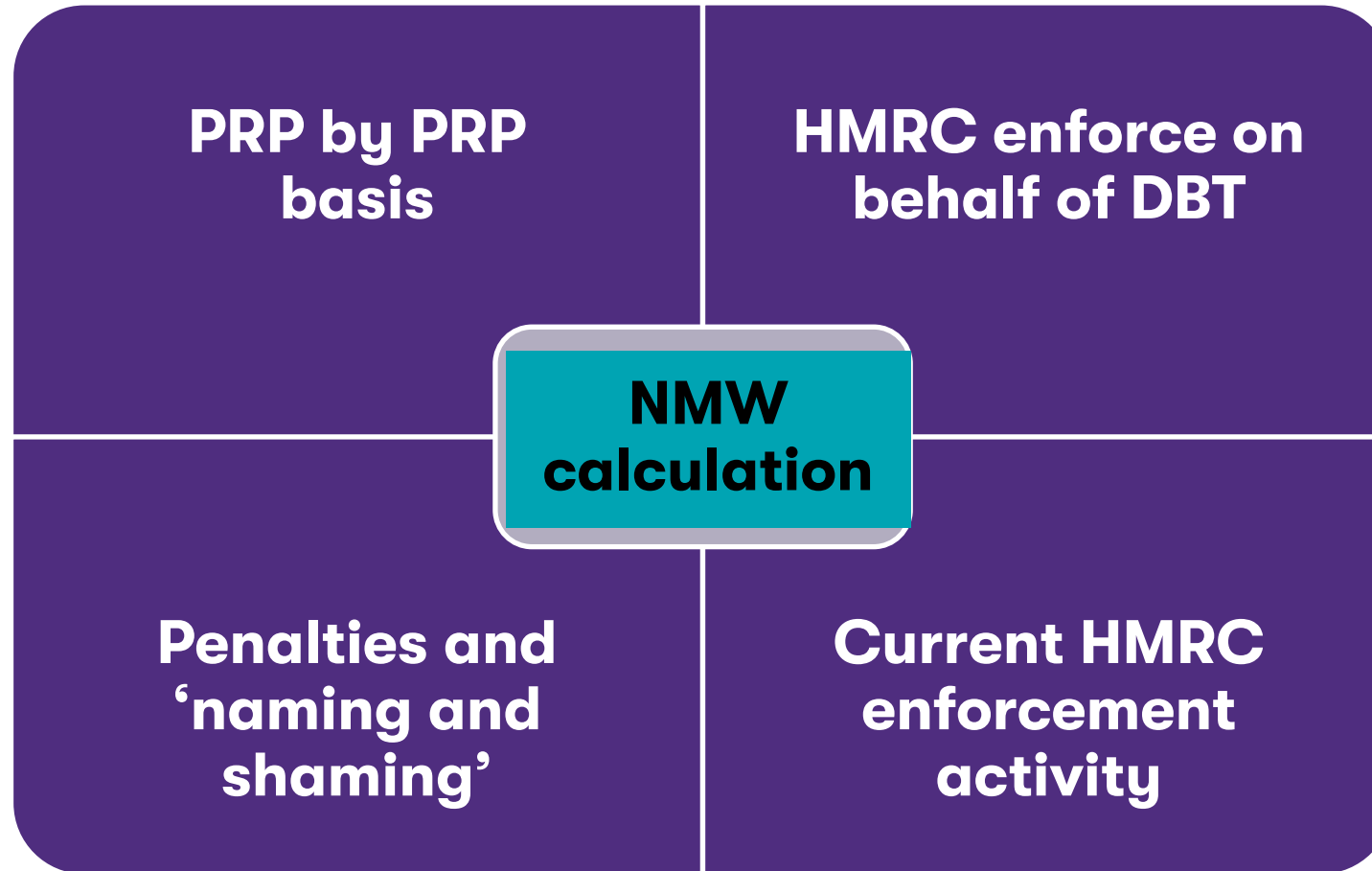


1 National minimum wage

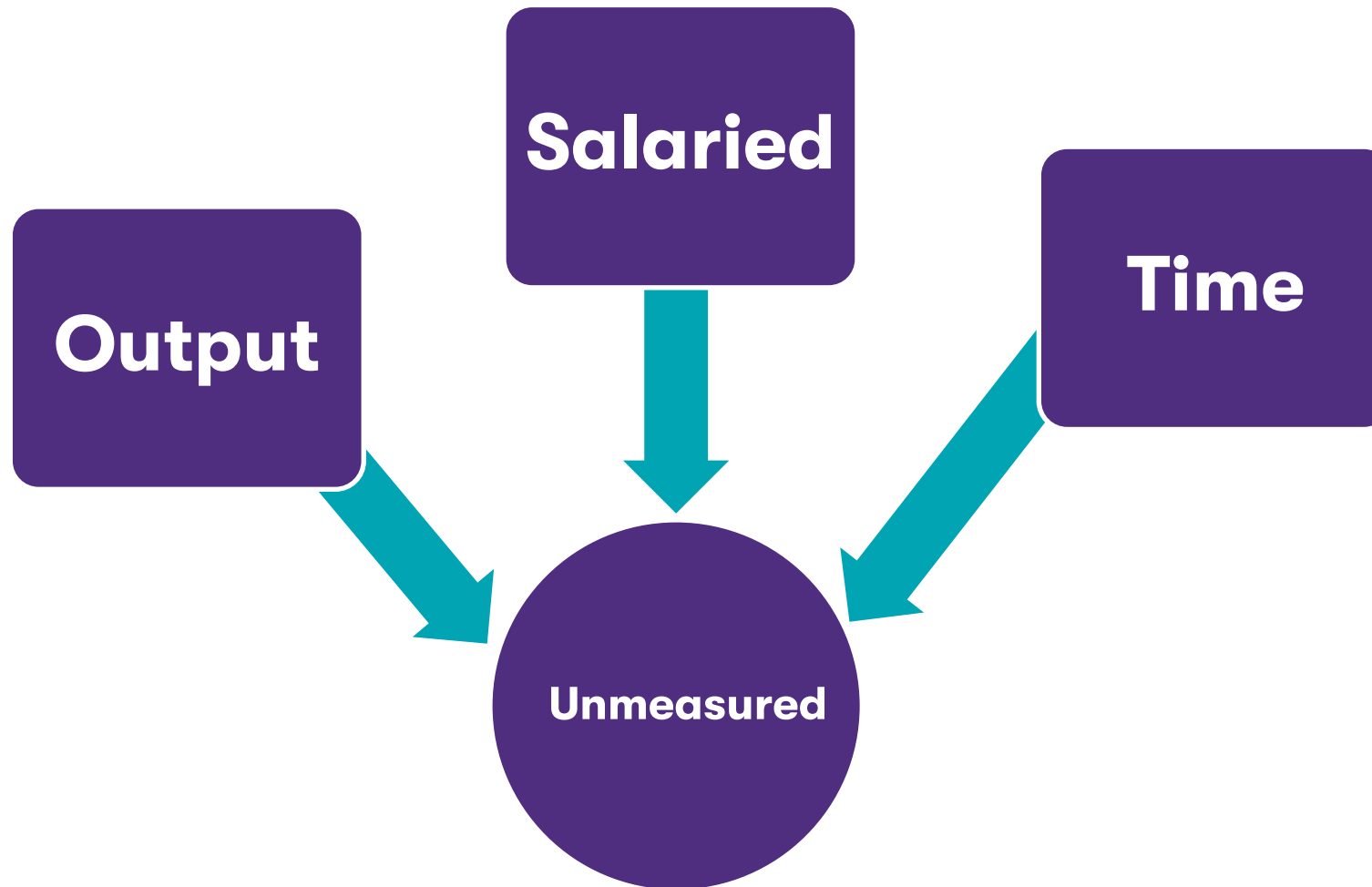
Phil Cavill

National Minimum Wage

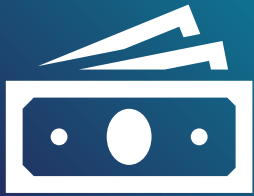
Key Principles



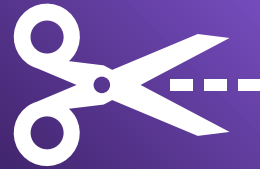
Worker Type



Key risk areas



Salaried excess hours

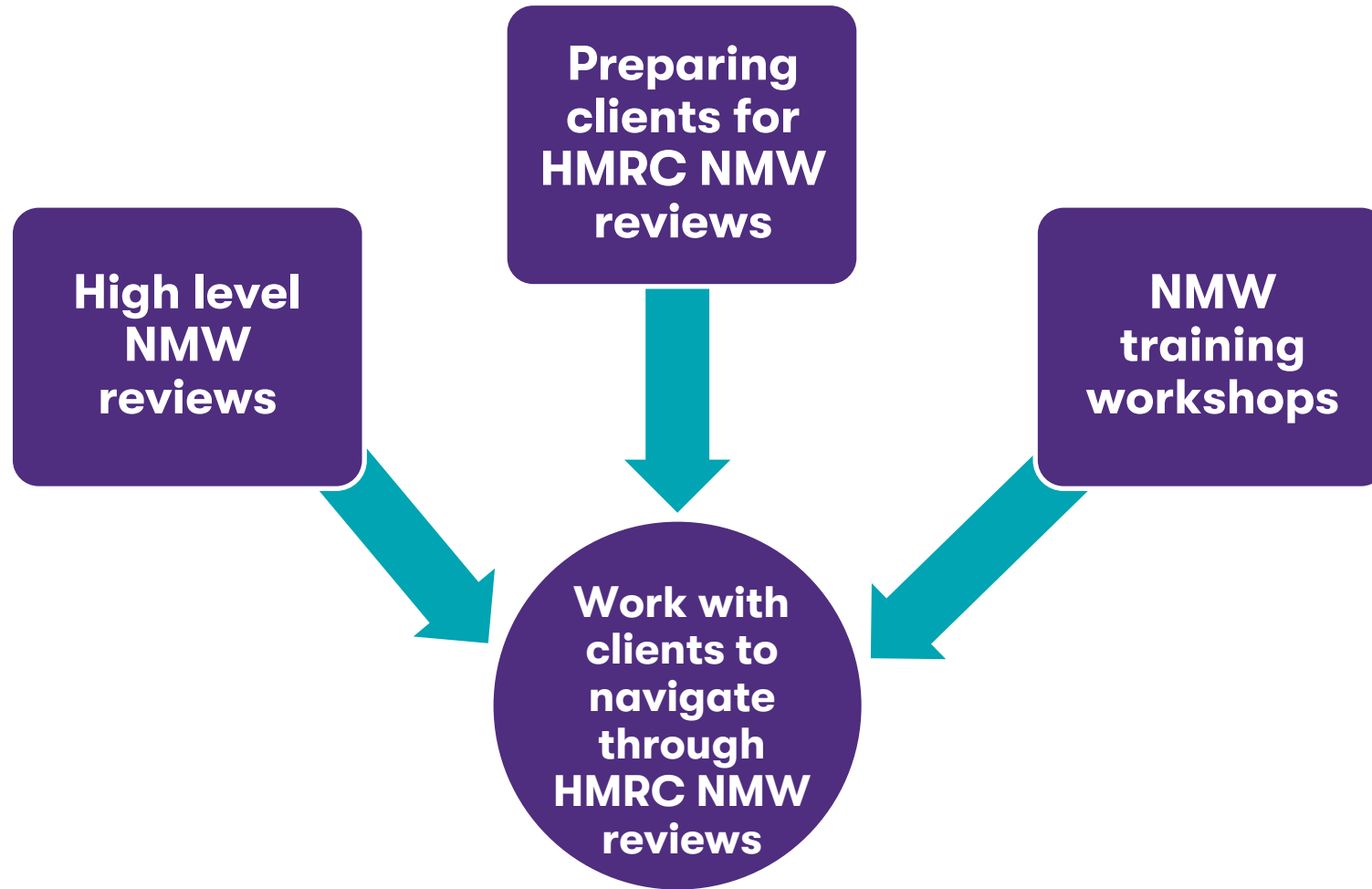


Salary Sacrifice reductions



Time recording

How Grant Thornton can support clients



2 Off-payroll working

Tonia Danez

Off-payroll working

Where are we?

April 2017 & April 2021: IR35 rules changed for Public / Private* sectors

April 2022: End of HMRC's 'light touch' to penalties for non-compliance

2023: HMRC begin issuing Off-payroll working questionnaires

November 2023: HMRC publish further guidance to support Off-payroll working/IR35 compliance ([GfC4](#))

October 2024: Changes to umbrella company rules announced in the Budget

January 2025: HMRC publish guidance to support labour supply chain assurance ([GfC12](#))

April 2025: HMRC introduce changes to CEST and revise guidance to make it more user friendly

September 2025: HMRC publish guidance for labour supply chains that include umbrella companies

*Medium/large companies as per Companies Act 2006 definition



Off-payroll working

Umbrella company engagement changes

What is the change?

- From April 2026, the legal responsibility to account for income tax/NIC (via PAYE) will move from the umbrella company to the recruitment agency that supplies the worker to the end client.
- Where there is no agency in the supply chain, the end client will be responsible

What is the reason for the change?

- HMRC calculated £500m lost to tax avoidance schemes largely facilitated by umbrella companies

What does it mean for the end client?

- The change will affect end clients that use workers who are engaged by umbrella companies where there is no intermediary agency
- The end client will be responsible for making sure that the umbrella company operates PAYE correctly on payments made to the workers
- The end client will be liable for any PAYE/NIC not paid by the umbrella company



Off-payroll working

Areas of risk and practical challenge

Identification and qualification of genuine 'outsourced' services (ie. outside scope of the IR35 rules)

Instilling sufficient awareness and knowledge of OPW/IR35 within involved personnel

Obtaining correct information to complete accurate, robust employment status assessments and reduce risk of bias

Harmonisation of effective and robust processes and controls across multiple business units/group entities

Achieving engagement from key internal stakeholders to uphold OPW/IR35 policy and process

Documentation and testing of processes/controls from a governance perspective (ie. CCO/SAO)

Identification of the type of entities within the labour supply chain (ie. presence of PSC's/umbrella companies/agencies)

Interaction of IR35 rules with wider off payroll working rulesets (e.g. Agency rules, CIS)

Off-payroll working

How to reduce your risk



OPW/IR35 compliance

Robust training for employees

Internal guidance/house positions for completing status assessments

Evidencing reasonable care being taken

Internal audit review and periodic checks

Use of systems/tools to determine employment status

Well documented processes and controls



Umbrella company rules

Robust training for employees

Ask all the right questions when engaging a worker

Whole labour supply chain due diligence

Update contracts with umbrella companies

Complete checks on worker payslips

Exercise caution and be vigilant to offshore presence and credibility



Supply chain assurance

Robust training for employees

Review existing assurance practices and make changes to strengthen

Robust risk management processes and supporting systems

Maintained monitoring and review of supply chains and assurance practices

Effective enforcement procedures in place

Well documented processes controls

Our Employment Status Intelligence Platform (ESIP)

An overview



Provides a deemed employed or self-employed result in 100% of cases



SDS can be sent directly to the contractor (and any other recipient)



Based on case law and considers the 7 key employment status indicators



Documents a full audit trail of the assessment and approval process

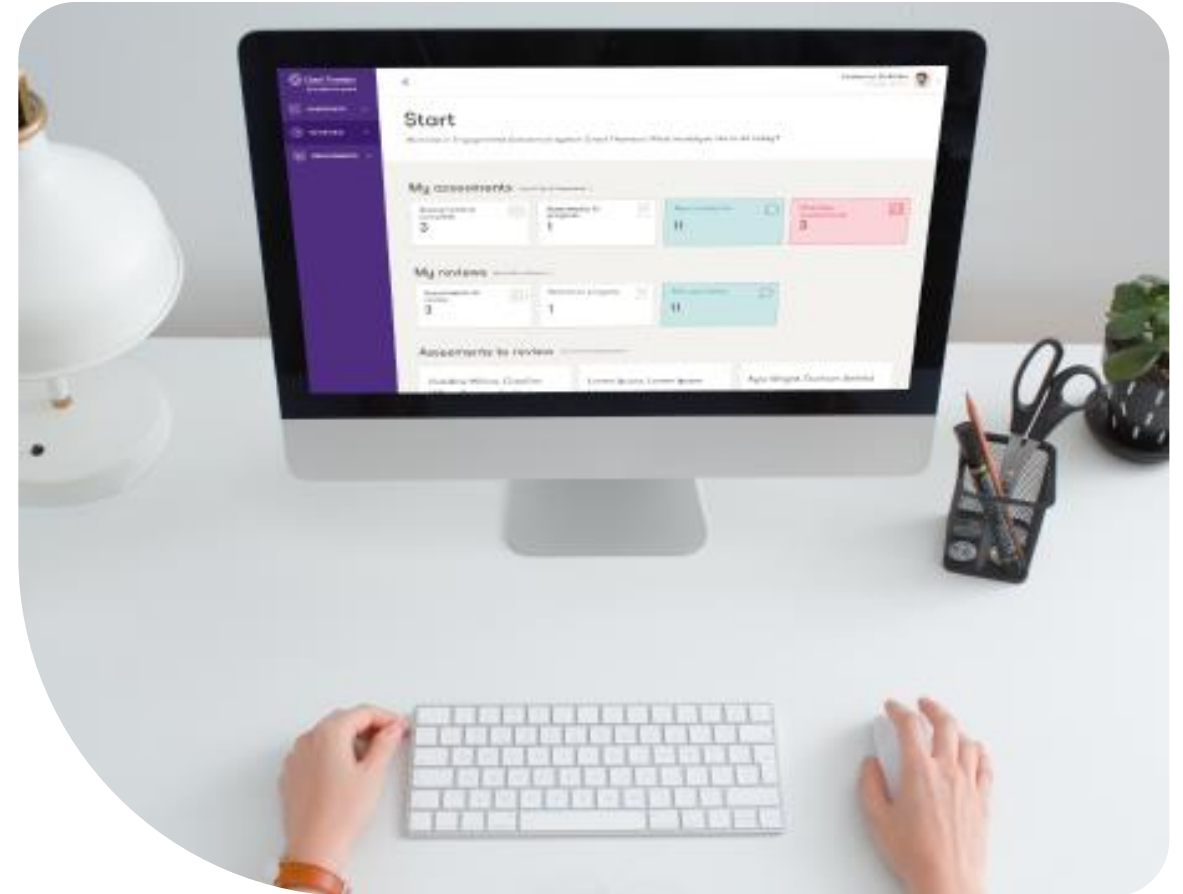


Contractor data base and document repository functionality



Web based and accessible from any device

[Link to the ESIP overview animation](#)



3 HMRC activity

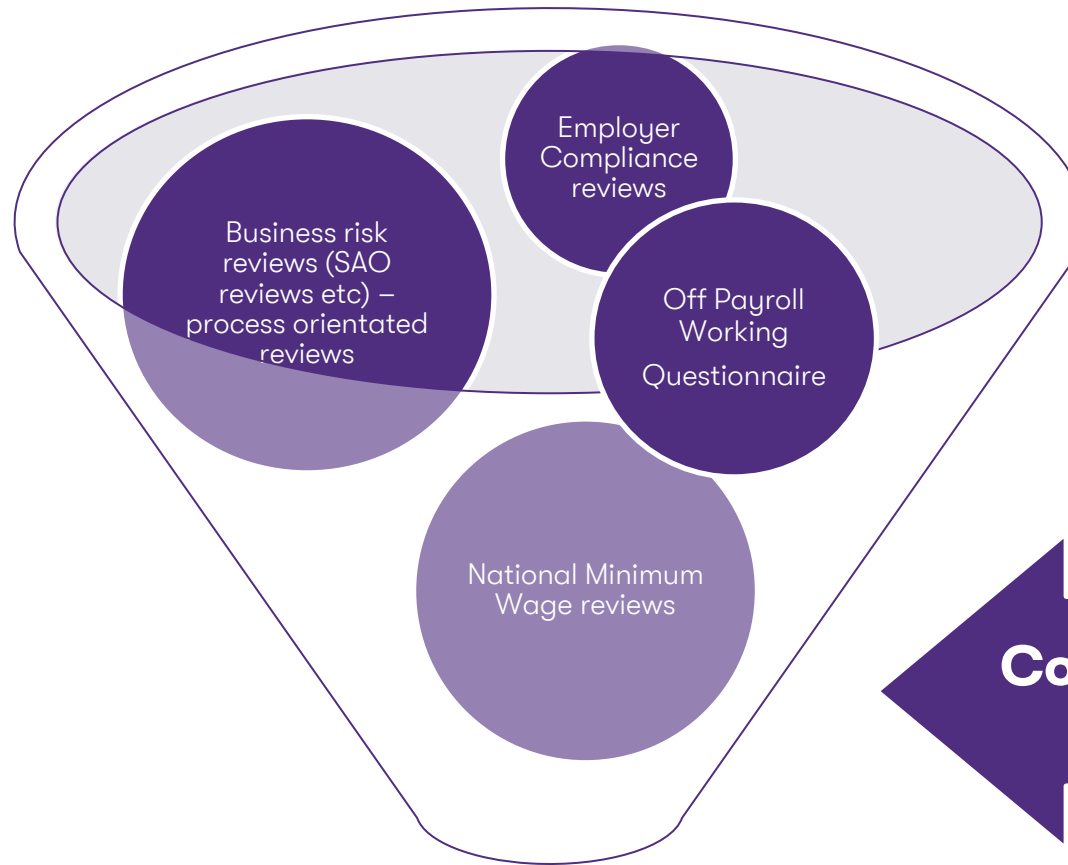
Hana Cincalova

HMRC compliance focus & activity

**Increased
HMRC
activity**

**More
resource**

**On site
visits**



**Long
delays!**

**Companies
house**

**Corporate
tax returns**

HMRC check points

Common risk areas

Benefits in kind & expenses arrangements

Type of benefit / expense	Risk area
Staff entertainment	<ul style="list-style-type: none"> Staff entertainment often reported together with business entertainment Deduction given within CT tax return & no BIK considered
Staff gifts	<ul style="list-style-type: none"> Trivial benefit exemption – VAT ignored Staff drinks & meals incorrectly treated, especially post COVID-19
Home-working arrangements & temporary workplace relief (TWR)	<ul style="list-style-type: none"> Formal home working arrangements mixed up with hybrid working – assuming employees' home classed as permanent workplace and assuming relief applies for expenses Assuming employee cannot have more than 1 permanent workplace / a geographical area as permanent workplace - overclaiming travel expenses under TWR
Expense coding	<ul style="list-style-type: none"> Expense policy with no coding guidance Overcomplicates annual PSA submission Including items on PSA where there's no agreed category on the P626 with HMRC
Mileage	<ul style="list-style-type: none"> No fuel benefit reported for company cars (where required) Using 45p for reimbursing mileage using private car beyond the 10,000 threshold – not checking total miles reimbursed Not monitoring HMRC Advisory fuel rates – reviewed quarterly

Common risk areas cont...

Termination Payments

- Payment in Lieu of Notice (PILON) incorrect
- Post Employment Notice Pay (PENP) incorrect
- Disguised contractual bonuses paid to use up £30k exemption, available for genuine termination payments

Apprenticeship Levy

- Levy allowance claimed for multiple companies within 'connected companies' group
- Not considering investors when assessing connected companies' group

Construction Industry Scheme

- No awareness of deemed contractor provisions

(easy to spend £3m on construction within 12 months for some businesses)

Office Holders

- Office holders providing services via a PSC: all fees paid directly with no withholding in place via payroll
- Office holders providing additional consultancy services, on top of performing office holder duties, with all remuneration paid gross under consultancy heading

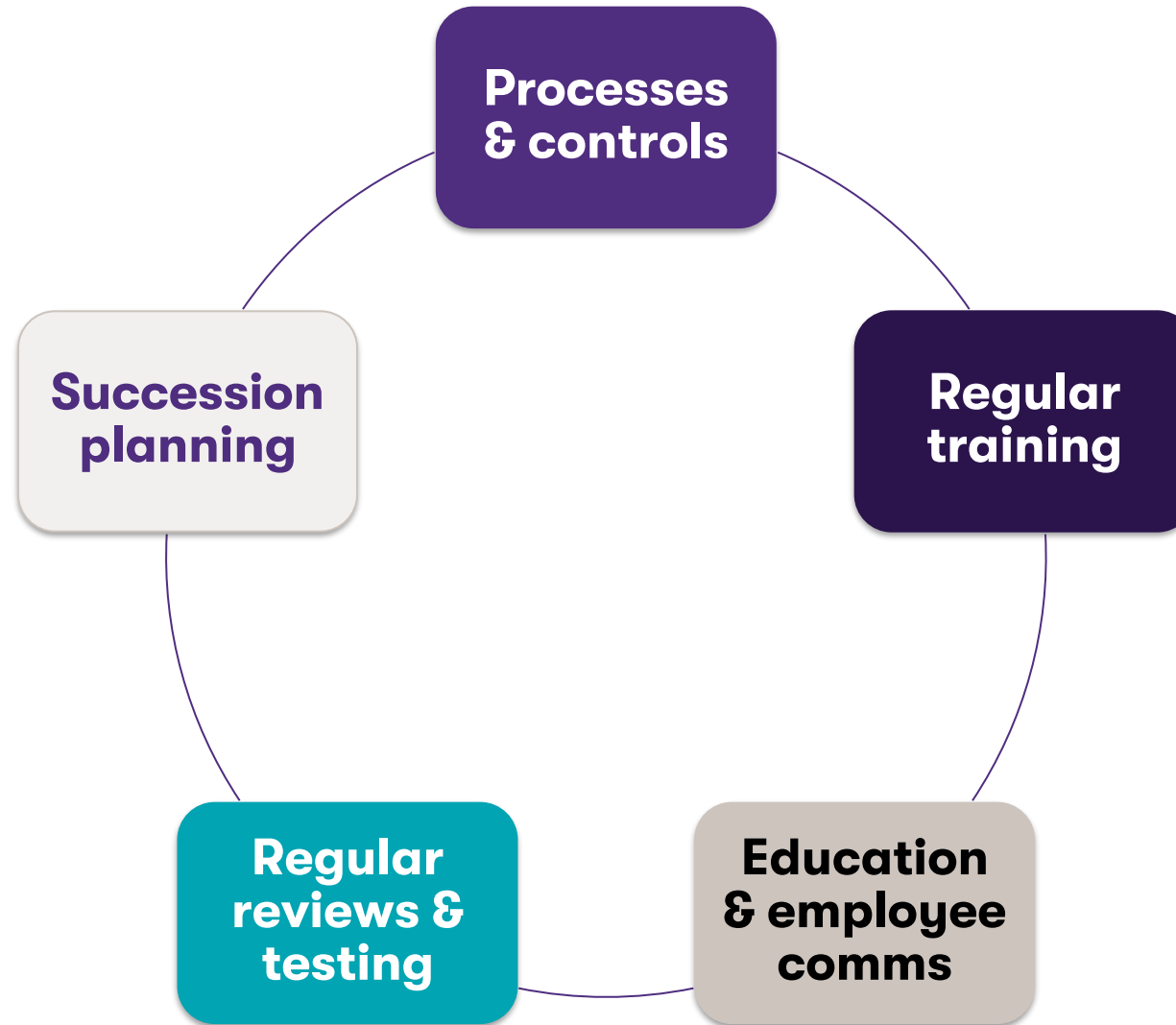
Common risk areas cont...

Off Payroll working



Lack of due diligence
in the labour supply
chain & awareness of
OPW structure

Best practice governance



4

Global mobility

Laura Hutton

Chris Girdlestone

National Insurance for Internationally Mobile Employees

Apportionment or “all or nothing”

Scenario

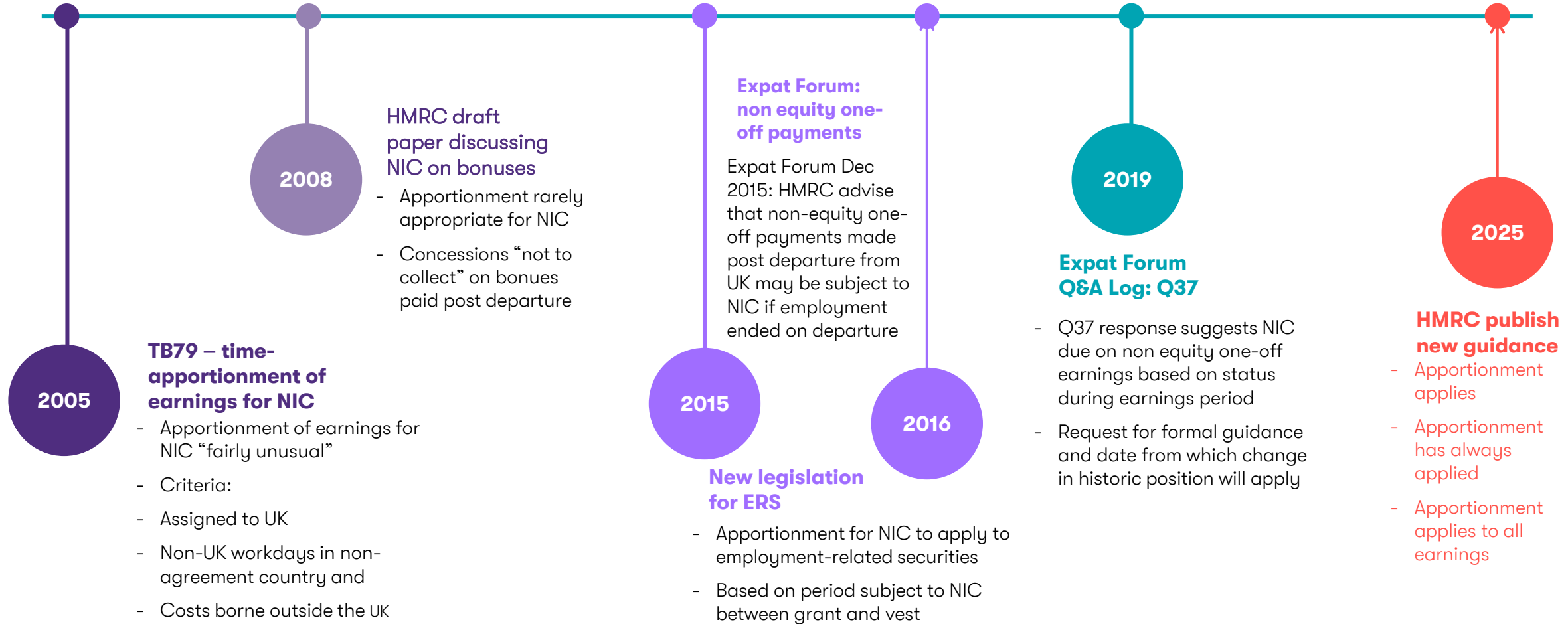
An employee, Zadi, arrives in the UK from South Africa on 20 May 2023

- She is on a 2 year secondment between the South African and UK group companies
- She is paid on the last day of the month via the South African payroll
- The UK company is Zadi's host employer
- She benefits from a 52 week exemption from NIC and becomes subject to NIC on 19 May 2024
- She is paid £10,000 per month
- She receives a bonus of £50,000 in March 2025
- She leaves the UK on 19 May 2025

All or nothing

Pay period	NIC treatment
May 2023 – April 2024	52 week exemption
May 2024	Fully NICable on basis Zadi is subject to NIC at date of payment
June 2024 – April 2025 (including month in which bonus is paid)	Fully NICable on basis Zadi is subject to NIC at date of payment
May 2025	No NIC paid on basis Zadi is not subject to NIC at date of payment

A brief history...



What does the new guidance say?

Where an employee is subject to UK legislation as an employed earner and is:
in the UK, or
treated as if they are in the UK
at the time the work is carried out, then Class 1 NICs liability arises at the time the earnings are earned and the Class 1 NICs liability is assessed and payable when the earnings are actually paid

Where employers have considered the updated guidance in the previous article to calculate National Insurance contribution payments, they may now find that they have either over or underpaid National Insurance contributions

Where National Insurance contributions for internationally mobile employees have been over or underpaid, employers should be advised to make corrections through Real Time Information going back 6 years

If corrections cannot be made via RTI, a refund claim or a voluntary disclosure may be made by post, explaining the reason that it is not possible to process corrections via RTI.

Where employees believe they are due a refund they must contact their employer first. If the employer made an RTI amendment, they should repay any overpaid National Insurance contributions owed to the employee.

If the employer has not submitted an RTI amendment or applied for a refund, their employees may apply independently

National Insurance for Internationally Mobile Employees

Apportionment or “all or nothing”

Scenario

An employee, Zadi, arrives in the UK from South Africa on 20 May 2023

- She is on a 2 year secondment between the South African and UK group companies
- She is paid on the last day of the month via the South African payroll
- The UK company is Zadi's host employer
- She benefits from a 52 week exemption from NIC and becomes subject to NIC on 19 May 2024
- She is paid £10,000 per month
- She receives a bonus of £50,000 in March 2025
- She leaves the UK on 19 May 2025

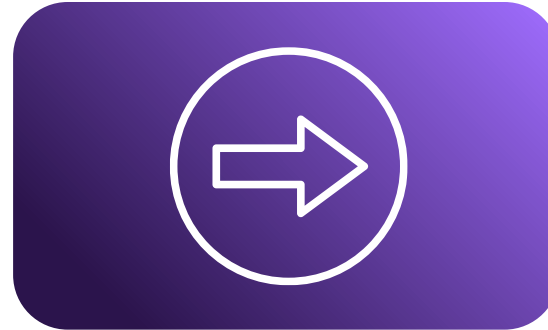
Apportionment

Pay period	NIC treatment
May 2023 – April 2024	52 week exemption
May 2024	Earnings 1 May to 18 May: exempt Earnings 19 May to 31 May: NICable
June 2024 – April 2025 (including month in which bonus is paid)	Fully NICable
May 2025	Regular earnings NICable Bonus: $227/365 \times £50,000 = \text{NICable}$ $138/365 \times £50,000 = \text{exempt}$

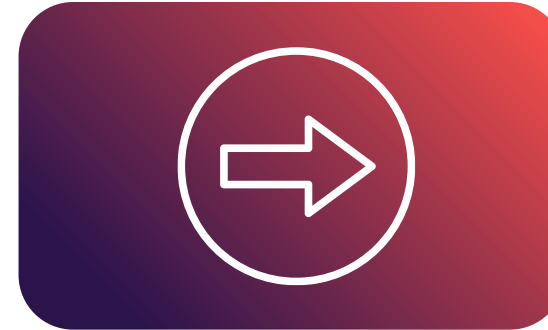
What should employers do now?



- Establish historic approach taken to calculation of NIC for internationally mobile employees
- Quantify potential exposure



- Consider making corrections for the previous six years if NIC has not been calculated in line with the new guidance



- Evaluate current payroll processes
- Explore payroll team technical and software capabilities
- Design payroll process to comply with apportionment guidance



- Build and implement new processes
- Incorporate review/compliance check to ensure new process achieves correct outcome

Global mobility update

Travel and Subsistence Expenses

‘Home Leave’ rules (s373/4)

- Non-Residents and Qualifying New Residents
- Domicile no longer relevant.
- If resident, relief now only available for four years (not five)
- No transition period
- Also relevant for s341, s376
- Are you compliant with post-FIG travel expense rules?

Visa Expenses

- Do they relate to a qualifying journey?
- What related costs are there?

Questions?

Thank you, from your Employer Solutions contacts



Jonathan Berger

Director, Employment Tax

E Jonathan.P.Berger@uk.gt.com

T +44 (0) 2077282764

L: <https://uk.linkedin.com/in/jonni>



Hana Cincalova

Manager, Global Mobility Services Tax

E Hana.Cincalova@uk.gt.com

T +44 (0) 1612143684

L: <https://uk.linkedin.com/in/hana-cincalova-453367104>



Phil Cavill

Manager, Employment Tax

E Phil.J.Cavill@uk.gt.com

T +44 (0) 1619536956

L: <https://uk.linkedin.com/in/phil-cavill-1b8582a9>



Chris Girdlestone

Associate Director, Global Mobility Services Tax

E Chris.Girdlestone@uk.gt.com

T +44 (0) 1173057686

L: <https://uk.linkedin.com/in/chris-girdlestone>



Tonia Danez

Associate Director, Employment Tax

E Tonia.I.Danez@uk.gt.com

T +44 (0) 2077283215

L: <https://uk.linkedin.com/in/toniadanez>



Laura Hutton

Director, Employer Solutions

E Laura.Hutton@uk.gt.com

T +44 (0) 2077282566

L: <https://uk.linkedin.com/in/laura-hutton-b581628>

<https://www.grantthornton.co.uk/services/tax/employer-solutions/>



© 2025 Grant Thornton UK Advisory & Tax LLP. All rights reserved.

‘Grant Thornton’ refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK Advisory & Tax LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another’s acts or omissions. This publication has been prepared only as a guide. No responsibility can be accepted by us for loss occasioned to any person acting or refraining from acting as a result of any material in this publication.