

Payments Procedure

The following guidelines are intended to ensure that payments made to individuals for work are processed in accordance with HMRC regulations and college procedures. Please ensure you read the guidelines and, if necessary, seek advice from HR before engaging a new worker.

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Employment Status

The question of whether an individual should be treated as an employee or as self-employed is a complex one and it is difficult to provide a precise or exhaustive set of guidelines. The Employment Status Flowchart (appendix 1) should be used as a guide in the first instance. If in doubt, please contact Finance for further guidance.

- It is expected that the decision relating to the employment status of an individual will be made before they carry out any work for the College. If work is carried out before a decision has been made and a payment requested, it will be made through the College payroll and subject to statutory deductions. If it is subsequently decided that the individual can be paid on a self-employed basis, any deductions already made will be refunded and future payments made through the Finance system.
- When engaging an individual to carry out work for the college, it is important not to agree to payment on submission of an invoice until the work has been properly assessed and approved as legitimate self-employment.
- The employment status of an individual is not a matter of choice and depends on the nature of the work being undertaken. **Just because an individual is self-employed in one role, it does not automatically mean they will be self-employed in another.**
- In the event that the HMRC identify that an individual is paid in error on a self-employed basis, the college, and not the individual, are liable for the Tax and National Insurance due, in addition to any penalties incurred for non-compliance.

1. Self-Employed

If an individual requests payment on a self-employed basis, they (and the appointing manager) will be asked to complete an Employment Status Questionnaire (appendix 2) which should be sent to Finance. Only once it has been confirmed by Finance that an individual can be paid on a self-employed basis should they be set up on the Agresso System as a new supplier and advised to submit invoices for payment.

2. Employed

All payments to individuals who are not assessed as self-employed must be paid through the RVC payroll and as such, are subject to statutory deductions. All individuals working for the college should be asked to provide a P45 or alternatively complete a New Starter checklist in order to ensure tax is deducted at the appropriate rate.

2.1 Occasional Workers

For the purposes of this document, the definition of an occasional worker is as a worker where the total hours worked by the claimant in any one tax year does not exceed 50 hours.

A Right to Work check MUST be completed and document(s) retained for future audit inspection when undertaking an occasional worker for the first time.

If an individual will be engaged for a longer period, please refer to section 2.2, Regular Casual Workers.

Occasional workers can fall into a number of categories including

Examiners

Invigilators

Academic Occasional

Non-Academic Occasional

Payments to occasional workers are processed using the following RVC pay claim forms which have been designed to ensure that we capture all of the data required by HMRC for those workers who will not be issued with a formal letter of appointment.

They are as follows:-

(click on the link below to obtain the required form)

[Examiners Pay Claim](#)

[Invigilators Pay Claim](#)

[Academic Occasional Claim Form](#)

[Non-Academic Pay Claim Form](#)

These pay claims are to be used only to claim for hours worked. Claims for expenses must be submitted on the appropriate expense claim form and submitted to the Finance Department for payment.

These claims can only be processed if all key pieces of information are entered on the pay claim. It is important to ensure that the forms are fully completed before they are submitted to payroll for payment and any failure to do so will cause a delay in payment.

2.2 Regular Casual Workers

Any worker who will be working for the college for more than 50 hours in any one tax year will need to be set up as a Casual Worker. These workers must be set up in consultation with HR following the procedure for the appointment of casual workers.

Claims for this group of workers can only be paid once the individual has been set up on the college payroll following the appropriate authorisation process. This process includes the submission of a Casual Staff Request Form authorised by the appropriate Vice-Principal, without which, payment cannot be made. Please contact HR for further guidance on the appointment of a new Casual worker.

Casual staff forms: -

- [Casual Staff Request form](#)
- [Casual New Starter Payroll form](#)
- [Casual Staff Pay Claim form](#)

3 Payments to Overseas Workers

Payments to individuals who carry out work for the College **outside of the UK** is a complex area and will need input from both Finance and HR to establish the correct procedures for payment to individuals.

For workers who live and work entirely outside of the UK consideration needs to be made covering a range of issues including (but not limited to) :

- Employment Status – as above
- Right to Work checks and Visa requirements
- Health & Safety and Insurance
- Social Security (National Insurance in the UK)
- Pay as You Earn (Income Tax)
- Pension
- Payments to Overseas bank accounts
- Compliance with the Criminal Finances Act 2017
- Costs involved in Overseas engagements of staff

For UK based staff working overseas a lot of the above criteria will also apply, and it is vitally important that correct record keeping of overseas trips is maintained to meet the Colleges' insurance requirements.

Further guidance should be obtained from both HR and Finance before any commitment is made to engaging an individual to work overseas and any commitment regarding payments.

4 General Information – Claim Forms

There are a number of specific claim forms for different types of working at the RVC.

These are available via the HR website [here](#).

- Please ensure that claimants are advised to submit their pay claims to budget holders for authorisation at the end of the month in which the work is carried out so as to allow time for the claim to be authorised and passed to payroll by the [published deadline](#) (usually the 15th of each month)
- Please ensure that claims are **fully** completed and authorised and include a valid cost code.
- All pay claims will be processed through the college payroll unless specific exceptions have been made and agreed by HR and Finance.
- Claims for agreed and authorised expenses must be submitted separately and directly to the Finance Department.
- Any claims submitted on the incorrect form or only partially completed will be returned to the Budget Holder with an instruction to re-submit.
- Please do not amend the form templates

As an alternative to submitting individual claim forms, the Payroll Team are able to accept a monthly excel spreadsheet summarising the claims for your department. If you wish to explore this option, please contact a member of the Payroll Team who will provide a template spreadsheet and further guidance.

5 Starter checklist for PAYE

If you do not have a P45 from your previous employer or job, or you are still undertaking work elsewhere you should complete a Starter checklist from the [HMRC by clicking on this link](#).

Please choose **Starter checklist (printable version)**

Appendix 1 Employment Status Determination

An Employment Status for Tax determination is required where an individual worker is not being paid through RVC's Payroll (I-Trent), but is instead invoicing RVC for payment through the Agresso Finance system.

The College is obliged to assess the Employment Status for Tax purposes of individual workers contracting with the College, who are not directly employed by the College (whether as permanent, fixed term or casual staff), or who are engaged through intermediaries (personal service companies, umbrella companies or employment agencies).

Each specific contractual arrangement with an individual worker not employed directly is called an "engagement" for tax purposes. RVC is then obliged to assess whether the College has an obligation to account for income or employment taxes.

[Financial Procedure Note 05 on Employment Status for Tax](#) sets out RVC's policy and explains what Employment Status for Tax is and how the College meets its obligations to both HM Revenue and Customs and to suppliers.

There are two forms to support this process:

- [Employment Status Management Questionnaire](#) - for completion by the RVC Group manager commissioning or engaging a worker, contractor or small company to carry out work;
- [Worker Questionnaire](#) - for completion by the individual worker to understand how the Worker is set up legally and will operate for the duration of the contract. (This form will be sent out by RVC Finance directly to the worker.)
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Further information is available from the Accounts Payable team by emailing them:

AccountsPayable@rvc.ac.uk.

Appendix 2 Employment Status Determination Flowchart

