Employment Status

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| What is the difference between self-employed and employment contracts? | |
| 1 | What you need to know! In employment law a person’s employment status helps determine what an employer’s responsibilities are (and for the employee what their rights are). |
| 2 | Check out the differences! There are three categories of those in paid jobs. They may be classified as a ‘worker’ or an employee, or they may be self-employed. |
| 3 | Check the status of the role! For example is it a permanent role or fixed term, is it full time or part time. Once you know this you will be able to calculate leave and pay. |
| 4 | Check if your applicant is genuinely working on their own account and self-employed!  It is much more likely that people will be an employee so always do the HMRC or govt check before you agree anything: <https://www.gov.uk/guidance/check-employment-status-for-tax> |
| 5 | Check your statutory minimums! All employees, whether permanent, fixed term, full or part time, are entitled to at least the statutory minimum for salary and pension. (As well as a wide range of employment rights. <https://www.gov.uk/employment-status/employee>). |
| 6 | If your applicant can show they are genuinely self-employed they should work to a contract FOR service (rather than an employment contract which is a contract OF service) and submit regular invoices. |
| 7 | Don’t pay cash in hand and do not ‘roll up’ holiday pay, so always check that employees take their annual leave – the only time you can pay for it is where their employment ends, and there is accrued but untaken leave to pay for. |
| 8 | Does your person have a p45? If they haven’t they may need to complete a new starter checklist (p46) <https://www.theaccountancy.co.uk/payroll/the-new-starter-checklist-has-replaced-form-p46-14786.html> |
| 9 | Do they have another job? Sometimes an employee might have another part time role which is continuing, so will need to designate one employer for their main deductions. |
| 10 | Other useful information/websites:  <https://www.gov.uk/employment-status/employee>  <https://www.gov.uk/contact-hmrc> |