

Supervision, Direction or Control (SDC)

What is it and what does it mean for you?

Travel & Subsistence expense rules for agency and Umbrella workers have **changed**.

T&S will be **restricted** unless workers can prove they are **not under the SDC** of either the client, the agency or an intermediary (such as an umbrella company) in the way they carry out the work.

HMRC will now assume that all **agency and Umbrella workers** are subject to SDC unless the agency or Umbrella company has gathered evidence to prove otherwise.

Those working through **PSCs** will **not be affected** by these changes provided that they fall **outside IR35**.

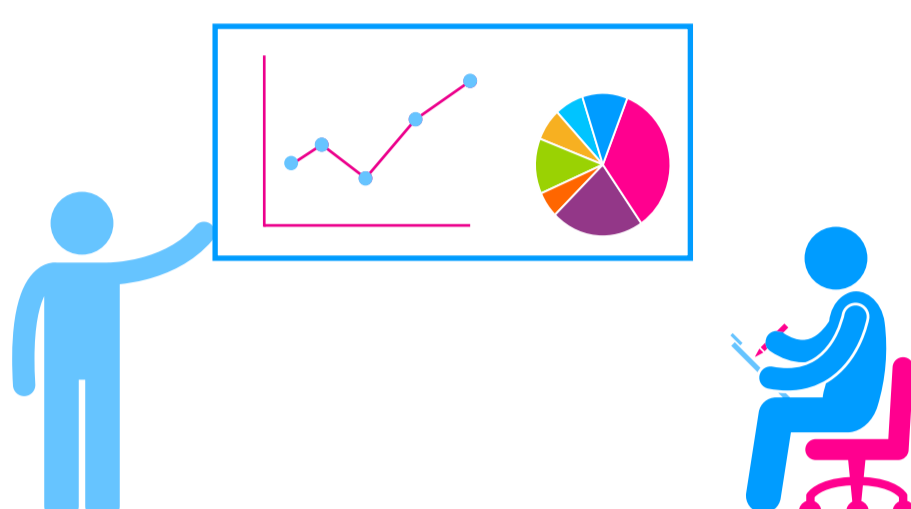
What is Supervision?

When a contractor has **someone overseeing them** doing the work, to ensure that they are doing the work they are required to do.



This includes **someone helping them** develop their skills and knowledge correctly.

If this is the case then the worker **CANNOT claim T&S**.



Following completion of the work, a client ensuring the job has been carried out properly **will not**, on its own, mean the worker is **supervised**.

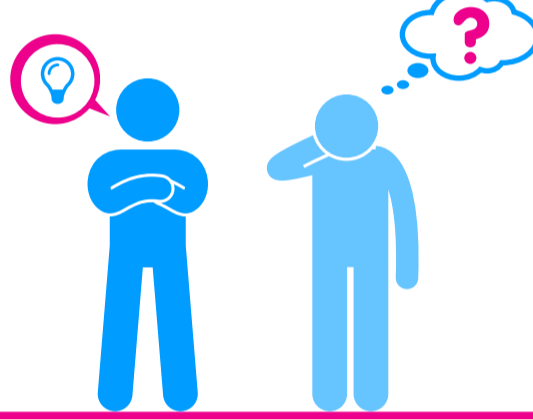
What is Direction?

When a contractor has **someone who makes them do work** in a certain way by providing them with instructions, guidance or advice.



That someone who is providing direction will often coordinate **how the work is done**, as it is being undertaken.

If this is the case then the worker **CANNOT claim T&S**.



If the contractor has **expertise** that the **client does not**, it is unlikely that the client will be able to direct the contractor on how to do the job.

What is Control?

When a contractor has **someone who dictates what work a contractor does and how they go about doing that work**.



Someone having the power to **move the contractor** from one job to another.

If this is the case then the worker **CANNOT claim T&S**.



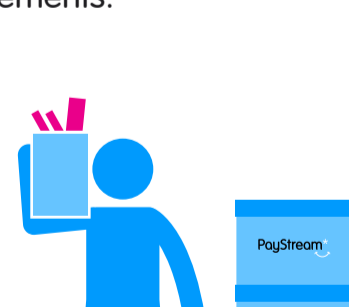
If the contractor is **filling in for a full time employee** who is sick or on leave it is likely that they will be **subject to SDC**.

How will SDC be determined by HMRC?

To determine if SDC applies, HMRC will look at...

Documentary evidence, including the **terms of engagement** i.e. what has been contractually agreed.

The **way** the work has been or is actually done, by gathering **facts from enquiries** with persons involved in the arrangements.



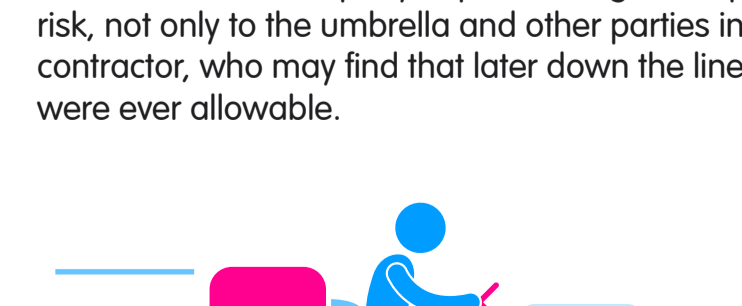
Please note

SDC over **where, when and what** work is done does **not** necessarily mean contractors will be caught by the legislation. What is important is whether there is SDC over **HOW** the work is done; so where there are procedures, methods and instructions which must be followed it is likely SDC will apply.



As you will see, the 'SDC' test is a very difficult test to pass. Given the wide scope of what could be considered to be 'SDC', the vast majority of contractors will be considered by HMRC to be under some element of supervision, direction or control to some extent and it will be rare to be able to state categorically that there is no element of SDC at all within the contractual chain.

For an umbrella company to process regular expenses in relation to a main site there is a risk, not only to the umbrella and other parties in the supply chain, but also to you as the contractor, who may find that later down the line HMRC do not agree that such expenses were ever allowable.



Special rules apply to workers whose job it is to move regularly from place to place.

For more information on how PayStream can help call,

0161 929 6000

newbusiness@paystream.co.uk www.paystream.co.uk

PayStream*
Makes PerfectSense...