

## Guidance to Local Meetings regarding payments for services – issued 20 May 2020

### 1 INTRODUCTION

Local Meetings employ and/or pay a number of individuals to undertake services for the Meeting. Common examples are Meeting House managers, wardens, cleaners, window cleaners, gardeners, decorators etc.

On their year-end accounts “proformas” Meetings are asked to record separately “payroll costs” (the wages paid to employees) and “other employee costs (inc. self-employed)”. The wording “other employee costs” is misleading, as an individual is either an employee or not. **This classification will be changed and clarified for the 2020 accounts proforma.**

Within “other employee costs” are a wide variety of payments made to individuals and small businesses providing specific services, some of whom are members of the Local Meeting. CEQ Trustees Employment Committee has been concerned for some time as to whether all of the payments made are compliant with HMRC rules and guidelines. Ensuring compliance is extremely important for both the Meeting and the individual concerned.

The purpose of this document is to provide some clarification and guidance to Meetings. **NB this is just a summary, and more detailed guidance is available from Employment Committee**

### 2 CLASSIFICATIONS

There are a number of classifications into which people being paid for services fall.

**EMPLOYEE** – a person who is recognised as a CEQ employee, on the central payroll, with a contract of employment.

**SELF-EMPLOYED** – the distinction between a self-employed person and an employee is complicated, and guidance is given in HMRC directive IR35. The key factors used by HMRC to determine whether an individual is an employee or self-employed are Control, Substitution and Mutuality of Obligation. Details of this directive are available from Employment Committee on request. As a general rule self-employed people should not work exclusively for CEQ (as if they do they could be considered to be a “disguised employee”), and self-employed people are usually paid by the job rather than on a fixed hourly rate. They submit invoices for their services, rather than being remunerated via a payroll. Where there is any doubt about whether a person working for a Local Meeting qualifies as self-employed this should be considered on a case by case basis in conjunction with the CEQ Trustees Employment Committee.

**CASUAL LABOUR** - The phrase 'casual labour' is used to describe workers who are not part of the permanent workforce, but who supply services on an irregular or flexible basis, often to meet a fluctuating demand for work. A person providing a regular service should not be treated as a Casual Labour, they should either be self-employed, or employed by CEQ (see above).

3 TRADING ALLOWANCE CONCESSION FOR SMALL AD HOC PAYMENTS

The “trading allowance” is when you have total trading income of less than £1,000 and so the whole of this income can be covered by the trading allowance. This is known as full relief. For example, if you have sold some home-made jam for £250 and hired out some garden tools for £125 then the total of your trading and casual income is £375. As this is below the trading allowance limit of £1,000 you can use £375 of the allowance. If this is your only income you do not need to make a formal claim for the allowance and you **do not need to register your self-employment trade with HMRC or complete a Self Assessment tax return.**

4 SUMMARY GUIDANCE

Type of “worker”	Recommendation
Individual (could be member of the Meeting) doing a regular job with a role description	Should be an employee
Individual (could be member of the Meeting) doing ad hoc work on a casual basis	OK if within the £1000 trading allowance, but must present an invoice
Self-employed individual providing specific professional services (eg piano tuner, gardener, cleaner, decorator, window cleaner)	OK if over £1000 as long as they have more than one client (ie not a disguised employee) and can reassure us that they pay their own tax & NI
Company or contractor providing services - eg cleaning company, builder, maintenance, "odd job" or painting/decorating contractor.	OK, and usually classified as “repairs and maintenance” in the accounts proforma.

5 CHECKLIST

