



European Platform Undeclared Work

Practice fiche

Employment Status and Intermediaries Team, UK

Title of the policy or measure (in English)	HMRC's 'Employment Status and Intermediaries Team' (National)
• Case study/good practice name	Employment Status and Tax
• Country	UK
• Date of publication	November 2017
• Sectors	All sectors
• Target groups	Employment status: employed or self-employed, working through an intermediary and self-employment
• Type of measure	Deterrence: improve detection
• Short sentence summarising the measure	HMRC has launched a new 'Employment Status and Intermediaries Team', which will investigate companies that have declared a high number of self-employed workers to root out cases of false self-employment. The unit was created to tackle a range of employment status concerns, including those relating to the extensive use of ostensibly self-employed workers in the 'gig' economy and the possibility that companies will classify workers as self-employed in order to avoid social insurance and employment rights obligations.
Background	
• Background context driving the implementation of the measure	The growth of 'self-employment' in the UK has been well documented. Several recent employment tribunal cases have challenged employment status and highlighted the misclassification of workers as 'self-employed'. The team investigate the use of bogus self-employment as a cost saving measure (on benefits, tax, NICs, etc). The team responds to complaints and actively investigate companies that have a large number of self-employed workers or agency workers.
• When was the measure implemented? (including start date and end date/ongoing)	HMRC's 'Employment Status and Intermediaries Team' (National) HMRC has launched a new 'Employment Status and Intermediaries Team', which will investigate companies that have declared a high number of self-employed workers in order to root out cases of false self-employment. It is anticipated that this will have implications for the regulation of the UK's gig economy.
• Names(s) of authorities/bodies/organisations involved	HM Revenue and Customs
• Scope of the measure (a pilot project, nationwide, regional wide)	Nationwide
• Type of (policy) measure	Employment status

<ul style="list-style-type: none"> Key objectives of the measure 	To investigate the possible misclassification of workers as self-employed, which results in reduced tax revenue and lack of worker protection (minimum wage etc.).
Specific measure	
<ul style="list-style-type: none"> Description of how the measure operates in practice 	<p>The remit of the new team is to take ‘all necessary steps’ to ensure that companies are paying the correct amount of tax and national insurance contributions, which will include both interest and penalties. The measure is intended to clamp down on those companies operating in the ‘gig economy’ who incorrectly classify their workers as self-employed.</p> <p>The ‘dedicated resource’ would give HMRC appropriate expertise to address compliance by companies in terms of employment rights.</p> <p>Concurrently, new measures under Finance Regulation Act 2016 give HMRC further powers to tackle the digital hidden economy. They provide HMRC with a new power to gather data from business intermediaries who facilitate transactions, particularly online, and electronic payment providers who operate digital wallets. HMRC will be able to compare that third-party data with its own information to identify those businesses who are failing to register with HMRC or are not declaring the full amount of the tax they owe</p>
<ul style="list-style-type: none"> Which groups are targeted by the measure? 	Misclassified workers / Hidden Economy
<ul style="list-style-type: none"> What resources and other relevant organisational aspects are involved? 	HMRC
<ul style="list-style-type: none"> What are the source(s) of funding? 	HMRC/ National government
Evaluation and outcome	
<ul style="list-style-type: none"> Has the measure achieved its objectives? 	New policy initiative
<ul style="list-style-type: none"> Assessment method (including indicators used to measure its impact), and the outputs and outcomes achieved 	On-going
<ul style="list-style-type: none"> What are lessons learnt and the key conditions for success? 	On-going
<ul style="list-style-type: none"> Level of transferability (e.g. other countries/groups/sectors) 	Possibility of transfer to other countries based on shared classification of worker status
Additional information	
<ul style="list-style-type: none"> Contacts 	HMRC
<ul style="list-style-type: none"> Sources 	https://www.gov.uk/guidance/check-employment-status-for-tax
<ul style="list-style-type: none"> Metadata and key words for online search 	Employment status, Hidden economy, tax