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## Payments Procedure

**The following guidelines have been produced to ensure that payments made to individuals for work are processed in accordance with HMRC regulations, RVC procedures, Rights to Work and other UK legislation. Please ensure you read these guidelines, along with those available on the HR and Finance Intranet sites and, if necessary, seek advice from HR Operations and/or Finance team before engaging a new worker.**

**Any work involving Teaching and Lecturing, as core RVC business, must be paid via the Payroll.**

## Employment Status

- The question of whether an individual should be treated as an employee or as self-employed is complex and it is difficult to provide a precise or exhaustive set of guidelines. Please refer to FPN 05 (Finance Procedure note) 'Employment Status for Tax'.
- The RVC require that the decision relating to the employment status of an individual will be made before they carry out any work for the RVC. If work is carried out before a decision has been made and a payment requested, it will be made through the RVC 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 RVC, 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 or within another organisation, it does not automatically mean they will be self-employed in another role or another organisation.
- There are two forms to support this process:
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  - **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 the Finance team directly to the worker.
- Further information is available from the Finance team [accountspayable@rvc.ac.uk](mailto:accountspayable@rvc.ac.uk)
- If HMRC identify that an individual has been paid in error on a self-employed basis, the employer (the RVC), and not the individual, would be liable for any Tax and National Insurance deemed due, in addition to any penalties and late filing fees 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 for Tax Assessment, one for the employee one for the manager, available on the Finance intranet page. Once completed this should be sent to Finance. Only once it has been confirmed by the Finance team that an individual can be paid on a self-employed basis should they be set up on the Finance System as a new supplier and advised to submit invoices for payment. (See FPN 05 on the Finance Intranet.)

## 2. Employed Workers

- All payments to individuals who are not assessed as being self-employed with the RVC must be paid through the RVC payroll and subject to statutory deductions. All individuals working for the RVC should be asked to provide a P45 or alternatively complete a HMRC New Starter checklist (available from HR Forms on the website) to ensure income tax is deducted at the appropriate rate.
- **Right to Work** – All workers joining the RVC who do not hold a British passport, are required to provide evidence to confirm that they are permitted to work in the UK. Please refer to the Guidance on the HR Operations intranet page.

### 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 (April to March) does not exceed 140 hours.
- If an individual will be engaged for a longer period, please refer to section 2.2, Casual Workers.
- Occasional workers can fall into numerous of categories including Examiners, Invigilators Academic Occasional and Non-Academic/Professional Occasional.
- Payments to occasional workers are processed using the RVC pay claim forms which have been designed to ensure that we capture data required by HMRC.
- Managers are responsible for issuing a letter of Engagement to Occasional Workers, a signed copy of which must be sent to Payroll with the appropriate claim form.
  - **Occasional Worker Pay Claim Form**
  - **Occasional Worker Claim form – Overseas Bank Accounts**

- The forms are available on the HR Website under Forms.
- Claims can only be processed provided all of information required on the pay claim form is completed, as well as Right to Work checks, letter of Engagement and Authorisations. Any missing information may cause a delay in payment.
- Claims for agreed and authorised expenses must be submitted on the appropriate expense claim form and submitted to the Finance Department for payment. The form is available from the Finance intranet site.

## 2.2 Casual Workers

- Any worker who will be engaged by the RVC for more than 140 hours in any one tax year (April to March) will be required to be set up as a Casual Worker on the RVC Payroll.
- Casual workers must be set up in accordance with the Casual Staff Recruitment procedures, which is available on the HR website.
- Claims can only be processed if all of information required on the pay claim form is completed, as well as the Right to Work checks, Casual New Starter Payroll Form, Monitoring Form and Authorisations. Any missing information may cause a delay in payment.
- Please contact HR for further guidance on the appointment of Casual workers.
- The following Casual forms are available on the HR website under Forms
  - **Casual New Starter Payroll Form**
  - **Casual Monitoring Form**
  - **Casual Staff Pay Claim form (Staff or Student)**
  - **P45 or HMRC New Starters checklist**

## 3. Overseas Workers

- Payments to individuals who carry out work for the RVC outside of the UK is a complex area and will require input from both the Finance team as well as HR to establish the correct and appropriate procedures and processes to enable 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 – see HR Operations intranet site
  - Health & Safety and Insurance
  - Employment Contracts and Terms & Conditions of Service
  - Social Security (National Insurance)
  - Income Tax (Pay As You Earn)
  - Local Taxes / State Taxes
  - Pension / Superannuation
  - Pay Legislation in Overseas Territory (eg Redundancy/Equal Pay Rights)
  - Payments to Overseas bank accounts
  - Compliance with UK legislation (eg Criminal Finances Act 2017)
  - Specialist Advice Costs involved in Overseas engagements of staff
- Guidance on Overseas Workers and processes is available on both the HR Operations and Finance intranet sites.
- Further guidance must be obtained from both HR and Finance before any commitment is made to engage any individual to work overseas and any agreement regarding payments.
- **Please note** – 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 RVCs' insurance requirements.

#### 4. General Information – Claim Forms

- There are specific claim forms for different types of working at the RVC. These are available via the HR website, Forms section.
- Please ensure that claimants are advised to submit their pay claim to budget holders for authorisation at the end of each month they work ,to allow time for the claim to be checked and authorised and passed to Payroll by the published payroll deadline (usually about 15 of the month)
- All claims must be fully completed and authorised and include a valid cost code.
- All pay claims will be processed through the RVCs' payroll unless specific exceptions have been made and agreed by HR and Finance.
- Any claims submitted on incorrect forms or only partially completed will be returned to the Budget Holder with an instruction to re-submit. This may delay payment to the individual.
- **Spreadsheet Return** – Where volumes of claims make the processing of individual claims time consuming an alternative solution is to submit a Spreadsheet return. This return still requires all the necessary checks and

authorisations to be performed. If you wish to explore this option, please contact the Payroll Team who will provide a suitable template and further guidance.

- **Please note** – Claims for agreed and authorised expenses must be submitted separately and directly to the Finance Department. The form is available from the Finance intranet site.