

**Please Note: This communication is for informative purposes and may not affect you**



## **PAYE Umbrella Solutions**

Hi candidate,

As you know, we try to keep you up to date with the latest news on umbrella models to allow you to make informed decisions on how you choose to be paid. So, we have set out below some examples of how you could lose money. Please note, if you are one of the increasing number of candidates paid as PAYE directly by Your World, you can stop reading here.

Several umbrella companies have recently gone out of business owing HMRC money. This can impact negatively on their employees, leaving many out of pocket.

HMRC have recently updated their guidance on what you should expect when working through an umbrella company:

[Working Through an Umbrella Company](#)

When you choose to be paid through an umbrella company, you are responsible for ensuring that you are paying the correct amount of tax and national insurance.

Accordingly, it may be sensible to set up a [Personal Tax Account](#)

This will enable you to check the income and tax shown on your payslips and forms P60 and claim tax refunds.

Please be aware that the hourly rates we pay to umbrella companies cover everything they have to pay, including the employer's national insurance, employer pension contributions, the apprenticeship levy and all holiday pay entitlements. Your umbrella company should be able to explain to you how these amounts are calculated for each payslip you receive.

You can also find out about companies and their directors using: [Get Information about a company](#).

You can see whether directors have been involved with previous businesses that have failed. You can also check to see whether substantial amounts of money are owed to HMRC. You don't need to be an accountant just need to look at the balance sheet in the last set of accounts filed under debtors and "other tax and social security." Frequently, when a business is closed by HMRC, employees do not get paid.

You may have read about a recent case which means the calculation of holiday pay is changing. It is too complicated to go into detail in this email. But we are aware that not all umbrellas have been accruing 12.07% of pay as holiday pay. We suggest you check your payslips to see how your holiday pay is accrued and ask your employer what they intend to do in the future

We are also aware that pension contributions are sometimes deducted over and above the minimum Government requirements. That is OK if that is what you agreed with your employer. We suggest you check your payslips to see what employee contributions have been deducted and what employer pension contributions have been paid.

You can check these at [Workplace Pensions: What you, your employer and the government pay](#).

You should also check with your pension provider that these are the amounts that have been paid into your pension pot and that you have received all available tax relief.

Finally, we suggest that you check that any deductions other than PAYE, NIC and pensions are in accordance with what you were told when you were first employed. We know that it can be difficult to understand your payslip, but there is a lot of free help available:

- [Agency workers | JobsAware](#)
- [Search | Low Incomes Tax Reform Group \(litrg.org.uk\)](#)
- [Agency workers: being promised the world by an umbrella company? Don't fall for it! | Low Incomes Tax Reform Group \(litrg.org.uk\)](#)
- [Take-Home Umbrella Company Tax Calculator 2022/2023 - Full Breakdown \(payslipbuddy.co.uk\)](#)

If you would like to discuss any of the above further or have concerns about how you are paid by your umbrella company, please email [candidateservices@yourworld.com](mailto:candidateservices@yourworld.com)