



HM Revenue
& Customs

**Wealthy/Midsized Business Compliance
Employment Status & Intermediaries**

HM Revenue and Customs
SO864
NEWCASTLE
NE98 1ZZ

Phone 03000 558810
9.00am to 4.00pm, Monday to Friday

Web www.gov.uk/employment-status

Date 20 August 2019
Our Ref [REDACTED]

Dear Sir or Madam

Check your employment status

We're writing to you because you told us that you were self-employed when you worked for, and received payments through, your own company. We call this type of company a 'Personal Service Company' (PSC).

It's important that you fully consider the employment status of every contract/engagement.

After looking at the information we have for the 2018 to 2019 tax year, our view is that the contract between your PSC and GlaxoSmithKline (GSK) comes under the off-payroll working rules 'IR35'. In order to check and confirm your employment status, you can use our online tool, accessible at www.gov.uk searching for 'Check employment status for tax' (CEST), or seek advice from a tax expert.

Whether a worker is employed or self-employed for tax purposes is not a matter of choice. Instead, you need to look at the facts of the working relationship between you and GSK. This will help you to decide if you would have been an employee of GSK had you worked for them directly and not through your PSC. To find out more about how this decision is made, go to www.gov.uk and search 'IR35'. You can also see the common differences between being an employed and a self-employed person.

What you need to do by 19 September 2019

If you do not agree that your work with GSK comes under the off-payroll working rules, you must write to us to tell us why and give us evidence. You must do this by 19 September 2019. The address you need to write to is at the top of this letter.

If you agree that your work comes under the off-payroll working rules, you now need to work out how much Pay As You Earn (PAYE) tax and Class 1 National Insurance contributions (NICs) you have to pay for your work with GSK. This will be based on the income you got from working with them for the tax year 2018 to 2019. The 2018 to 2019 tax year is from 6 April 2018 to 5 April 2019.

Information is available in large print, audio and Braille formats.
Text Relay service prefix number – 18001



The amount you have to pay is called a 'deemed payment'. To work out the amount you have to pay, please use the 'IR35 Deemed Employment Payment Calculator'. Go to www.gov.uk/guidance/ir35-what-to-do-if-it-applies and go to the section 'Calculate the deemed employment payment'.

Once you have worked out the deemed payment, report the details of that income and deductions in your 'Full Payments Submission' (FPS) and pay us any PAYE tax and NICs due by the 22nd of the tax month following your employment status check.

You must also work out how much PAYE and Class 1 NICs that you have to pay for any income you get from GSK in the 2019 to 2020 tax year. This will be for work that you do through your PSC. You must make sure that you do not treat these payments as if you were self-employed. You must report the details of that income and deductions in your FPS and again pay us any PAYE tax and NICs due by the 22nd of the next tax month.

You must continue to report these details in your FPS each month and pay us any PAYE tax and NICs due. You must do this while your employment status stays the same.

If you have any questions about your employment status check, please phone us by 19 September 2019. Our phone number and opening hours are at the top of this letter.

If we carry out a compliance check

We will be contacting all those who are self-employed and use their own PSC to receive payments. We will then be checking that they have done what we asked. If we find that you have not done what we asked, this may lead to further review work. We call this a 'compliance check'.

If we carry out a compliance check and find something wrong, we may charge you a penalty. We call this an 'inaccuracy penalty'. For more information about inaccuracy penalties, see the enclosed factsheet CC/FS7a 'Penalties for inaccuracies in returns or documents'. Our factsheet CC/FS9 'The Human Rights Act and penalties' explains your rights when we are considering penalties. To find our factsheets, go to www.gov.uk and search for 'CC/FS7a' and 'CC/FS9'.

Yours faithfully

Employment Status and Intermediaries Team