

30th January 2020



INTRODUCTION OF THE OFF-PAYROLL WORKING RULES – EFFECTIVE FROM 6 APRIL 2020

EnerMech Limited ('EnerMech') wishes to advise all our UK clients of our position in relation to the above forthcoming legislative change.

EnerMech is fully aware of this change and wishes to work with our clients to ensure a smooth transition between current and future working and contractual arrangements.

Personnel Profile

EnerMech does not engage personnel through umbrella companies or managed service companies.

Personnel are currently engaged as:

- Workers
- Employees
- Agency staff
- Subcontractors

Workers, Agency Staff and Subcontractors include personnel working through Personal Service Companies and through other entities.

Contracts with all non-employed personnel will cease on or before 5 April 2020 and, if appropriate, new contractual arrangements will be agreed for the period from 6 April 2020 onwards.

Checks on Employment Status

It is EnerMech's intention to perform checks on employment status on all of our non-employed personnel working on and offshore in the UK sector and to have this completed by 28th February 2020. We will be using the HMRC tool to perform the Check Employment Status for Tax ('CEST') to determine status.

EnerMech notes that HMRC updated the CEST online tool along with its published guidance during week beginning 25 November 2019. As a result, EnerMech is now in a position to proceed to carry out our assessments of all our non-employed personnel.

EnerMech will shortly be making contact with all of our non-employed personnel in order to advise them of the work being carried out to assess their employment status and to advise them of the implications of the new rules, in general terms.

Co-operation with End Users

There may be instances when you, as EnerMech's client, are deemed to be the 'End User' under HMRC's guidelines. Where EnerMech believes this to be the case, we will work with your nominated representative to agree the employment status of the personnel.

Identification of End Users is an area which requires further guidance from HMRC. However, EnerMech has been advised that a good working solution will be to agree with our clients which party is going to be the End User for the purpose of this test, and to retain a copy of any status assessments made for future reference.

Provision of Information

EnerMech will provide our clients with details of any personnel who will work on their contracts in all cases where the CEST test has determined that the 'Off-payroll working rules do not apply' i.e. that these personnel will not be deemed to be EnerMech's employees.

Where the CEST service has determined that 'Off-payroll working rules do apply', EnerMech will either

1. Enter into new contractual arrangements with that worker; or
2. Deduct payroll taxes on the appropriate amount of 'Deemed Direct Payment'

In any situations where the CEST service result is 'Unable to make a determination', EnerMech will advise our client accordingly, and with their agreement make contact with our advisers or HMRC in order to obtain a ruling on status.

Generally

Should you have any queries in relation to the above, please do not hesitate to contact Shirley Smith, EnerMech's HR Director and Focal Point in relation to the introduction of the Off-Payroll Working Rules, at ssmith@enermech.com

For and on behalf of EnerMech Limited
Yours sincerely



Ross McHardy
Regional Director