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February 2021

INTRODUCTION OF THE OFF-PAYROLL WORKING RULES – EFFECTIVE FROM 6 APRIL 2021

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 2021 and, if appropriate, new contractual arrangements will be agreed for the period from 6 April 2021 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 2021. We will be using a comprehensive third party assessment tool designed by a leading business and financial adviser to determine status.

EnerMech has already made 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.

EnerMech Ltd • EnerMech House • Howes Road • Bucksburn • Aberdeen • AB16 7AG
T: +44 (0)1224 723300 F: +44 (0)845 638 6441 www.enermech.com

Registered Name: Enermech Ltd Registered Address: 12-16 Albyn Place, Aberdeen, AB10 1PS Registered in Scotland - Company No. SC338731



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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 assessment 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 assessment test 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'

Generally

Should you have any queries in relation to the above, please do not hesitate to contact Julie Stewart, EnerMech's Regional Head of HR and Focal Point in relation to the introduction of the Off-Payroll Working Rules, at julie.stewart@enermech.com.

For and on behalf of EnerMech Limited
Yours sincerely

Ross McHardy
Regional Director