

HMRC's Umbrella Guidance

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What a disappointing non-event was HMRC's [Responsibilities for Employment Business working with umbrella companies](#) published last week.

I was aware of it being in the HMRC publication pipeline and was eagerly awaiting a detailed, informative and robust piece of work from HMRC – so you can imagine my choice of words as I read the nondescript 'guidance' that has been put out.

With no mention of umbrella regulation in the Autumn Statement (which to be honest I didn't really expect), and no significant changes to the Finance Act next year to help bridge the gap, HMRC really should be providing much-needed support to businesses navigating this space. This guidance was their perfect opportunity to do just that.

So, did the publication inform employment businesses of anything new that is not already in the public domain? In my humble opinion, no!

Does it *really* assist employment businesses any more than HMRCs [Check how to reduce your risk of using an umbrella company that operates a tax avoidance scheme](#) updated on 8th November 2023? Ditto!

So, I have asked myself "Why did HMRC publish the guidance"? I think it's just a PR exercise so that they can say they are doing more than they actually are. Perhaps it was also a rush job and knee-jerk because of the lack of regulation coming anytime soon.

HMRC should have used their guidance as a perfect opportunity to be robust and go much further by showing employment businesses the reality of dealing with non-compliant and unlawful umbrella companies. But what we got lacked any depth, detail or understanding of commercial and operational reality!

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For me, a far better read for employment businesses is the [RECs guidance and factsheet](#) on dealing with umbrella companies, along with the links to external information sources are a good starting point.

The real bug bear for me is that non-compliant and unlawful umbrellas are experts at hiding their dodgy activities, duping businesses with well-honed sales patter and forged documents to get around basic due diligence checks.

Employment business beware, if you fall for the patter and fake documents, your company is potentially liable for business ending vast sums of unpaid taxes - even if in good faith you undertake the due diligence suggested by HMRC. Relying on HMRC guidance as defence will likely be no defence at all!

This is why I am so passionate about the benefits and protection to employment business that PayePass can bring with its Verify Auditing and Fortify Umbrella Accreditation.

Verify Auditing and Fortify Accreditation is the only way to fully protect your business against wrongdoing umbrellas, whether that be tax avoidance, evasion, holiday pay withholding, skimming in all forms or any other shenanigans that could expose you to financial liabilities, investigation, and reputation damage.

To all employment business reading this, let's have a chat soon and discuss how PayePass can protect your business now and into the future.

Julia Kermode
CEO at PayePass

