

# Contractor Process – Overview for Managers

This overview of the contractor's process will contain the following:

- What is a contractor?
- Why have a contractor process?
- Your responsibilities in this process
- Support

# What is a Contractor?

Most people will interpret a 'Contractor' as an individual who works for a business under a 'Contract' for a short or fixed period of time.

However, there are many different types of Contractors, such as

<b>Direct Contractor</b>	Self-employed contractors who work at / for the Society and are directly paid by the Society. This includes contractors who are self-employed but are <i>introduced</i> by an agency, and also includes contractors who are set up as a Personal Service Company / Limited Company. Some require access to the Society's systems, others may not.
<b>Agency contractor</b>	Contractors employed by an agency and paid by an agency. Some require access to the Society's systems, others may not.
<b>Temp</b>	An individual employed by an agency that works for short periods of time, on a temporary basis. This can include sickness or holiday cover, or to cover a short term peak in work. The temp is hourly paid and can leave / be terminated without notice at any time.
<b>Service Contractor</b>	Support contracts where the service includes resources that require access the Society's systems

A colleague is an employee, who can be employed on either a fixed term (FTC) or permanent contract.

**Do not confuse an FTC employee with a contractor!**

**Which type does your contractor fall into? (Its worth making a note of this as you will need it later!)**

# Why have a Contractor Process?

Over the years, the HMRC have discovered that some contractors are not paying the correct amount of tax.

As a result of this, the government introduced a set of laws called 'IR35', which were designed to figure out whether a self-employed worker is genuine or cheating the system. It has been around since the year 2000 and is designed to tackle tax dodgers.

**If a business does not comply with these laws, they could face thousands of pounds worth of fines and huge reputational damage.** In 2019 The NHS was hit with a £4.3million tax bill after HMRC investigated its approach to its contractors in line with IR35 tax laws.

**In summary, we need you to follow our contractor process so we can ensure the Society correctly engages and reviews contractors in a way which is compliant with the law.**

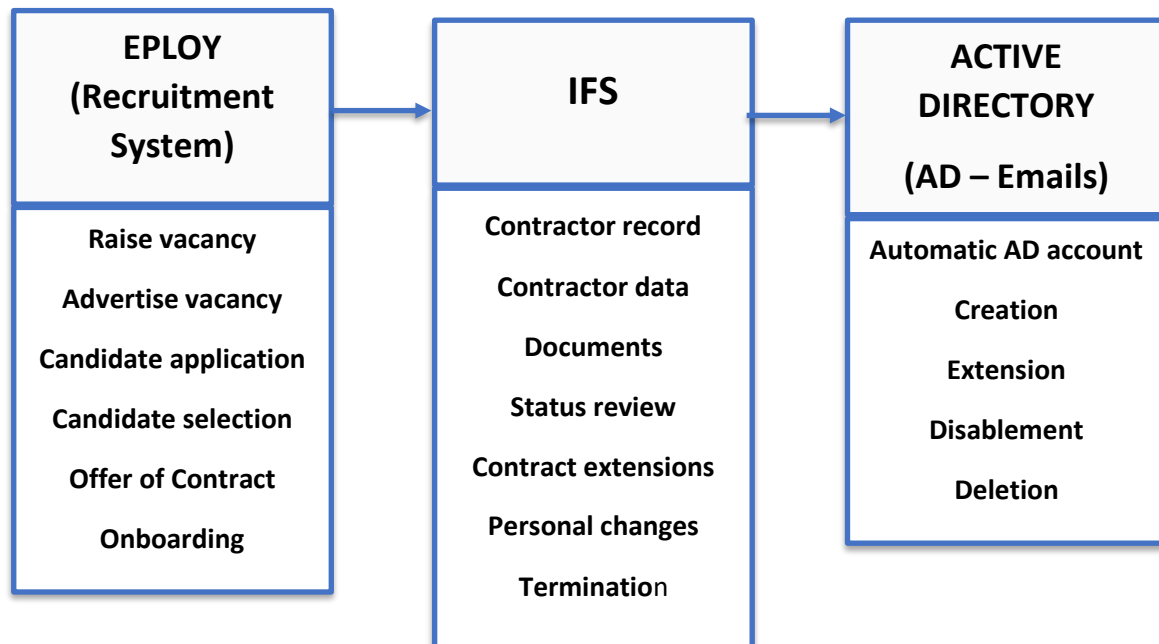
## Your responsibilities in this process:

As the manager for a contractor you will have the responsibility to ensure they are engaged and managed appropriately, it is Society policy that you:

- Recruit and onboard them in the appropriate method and involve the Society Resourcing Team
- Conduct a HMRC employment status check
- Ensure their Right to work in the UK is checked (Passport/Birth Certificate)
- UK taxpayer check. (Unique Taxpayer Number)
- Conduct a Company and VAT registration checks if they are a direct contractor
- Conduct HMRC status reviews every 3 months and process extensions of contracts and terminations through the IFS system.

The Resourcing team are here to advise and support in this process, contact them on [hiringmanagersupport@midcounties.coop](mailto:hiringmanagersupport@midcounties.coop)

## Systems Involved in the Contractor Process:



## Support

- ☺ Please go back to Colleagues Connect to now see step by step guides on how to recruit, onboard and manage your contractor
- ☺ Remember it's important that you follow Society procedure to ensure we are complying with tax laws
- ☺ Contact the Resourcing Team via [hiringmanagersupport@Midcounties.coop](mailto:hiringmanagersupport@Midcounties.coop) for any help or guidance – we are here to help!

## Document Control

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