

Diocese of Canterbury

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Dear Treasurers,

PCC responsibilities as an Employer

I have recently received a number of queries concerning this relationship.

For absolute clarity **nothing has changed** in the rules as to whether payments to cleaners, organists, choristers etc. should be taxed under the PAYE rules. The change in April 2013 is simply how any payments under PAYE are reported. The position, which has been clear for a number of years, falls on the existing definition of the "employee" test. The highlighting in the Press of the new RTI rules has resulted in a lot of debate on this subject albeit engendered by misapprehensions.

No generic guidance can be applied as each PCC's relationship is different. The PCC should test as to whether it is an employer viz. (from HMRC website)

Employed or self-employed?

In order to answer this question it is necessary to determine whether the person works under a contract of service (employees) or under a contract for services (self-employed, independent contractor). For tax and NICs purposes, there is no statutory definition of a contract of service or of a contract for services. What the parties call their relationship, or what they consider it to be, is not conclusive. It is the reality of the relationship that matters.

HMRC have devised a step-by-step indicator on their website at:

<http://www.hmrc.gov.uk/calcs/esi.htm>

I advise you work through this for each potential employee and keep a copy on file as proof.

John Preston (National Church) has written a comprehensive guide that can be accessed at

<http://www.parishresources.org.uk/people/payee/>

Regards,

Mark Spraggins