01 / CHECK BEFORE WORK STARTS

An invoice does not prove someone is self-employed.

The real working arrangement matters, not just the label in the contract.

Start with the payment route

Who are you engaging?	What needs checking?
An individual directly	Whether their work is employment for tax. If it is, PAYE payroll is normally required.
A worker through their own company	Whether the off-payroll / IR35 rules apply, and who has responsibility for deciding.
An agency or umbrella company	The full contract and labour-supply chain. Do not assume the worker's invoice removes your obligations.

A person can be employed in one role and self-employed in another. Review the particular engagement, not only the person's business registration.

NOT A STATUS TEST

Having a UTR, sending invoices, working part-time, being VAT registered or calling someone a freelancer does not decide their status.

For UK businesses engaging workers. Overseas work, complex agency chains and sector-specific rules need separate advice.

Keep three systems separate

Tax status: determines how earnings are taxed and whether PAYE and National Insurance apply.

Employment rights: employment law distinguishes employees, workers and genuinely self-employed people. A tax decision does not by itself settle rights such as paid holiday.

CIS: a construction deduction system for qualifying subcontractor payments. It is not a substitute for payroll where the person should be an employee.

CONSTRUCTION BUSINESSES

Before using CIS, check whether the individual should be employed. If CIS applies, registration, verification and deductions are separate next steps.

Getting it wrong can mean more than tax. Unpaid deductions, interest or penalties and employment-rights liabilities can arise. Tell SBX before the first payment.

CHECK THE RULES Self-employed or employed · Employment rights and status · CIS contractor duties · Off-payroll working for clients

02 / WHAT THE REAL ARRANGEMENT LOOKS LIKE

Look at the whole picture, not one convenient answer.

These examples show why a fact-find is needed. They are not automatic status rulings.

Questions that matter

Personal service: must that named person do the work? Is any right to send a substitute genuine and workable, and who pays the substitute?

Control: who decides the tasks and how, when and where they are done? Client safety requirements alone do not settle status.

Financial risk: does the person price the job, risk making a loss and put right mistakes at their own cost?

Business organisation: are they delivering an independent service or filling a role within your team? What equipment, insurance and other customers do they have?

Commitments: what work must be offered, accepted and paid for under the contract and in practice?

No single factor is decisive in every case. A skilled person can still be employed, and owning a laptop or having several customers is not a guaranteed exemption.

EXAMPLE A: REGULAR OFFICE SUPPORT

An assistant works personally on fixed days, follows your manager's instructions and fills an ongoing team role. They cannot send a substitute.

Calling this "freelance admin" does not remove the need for a status review.

EXAMPLE B: AN INDEPENDENT REPAIR JOB

A contractor quotes for a defined repair, chooses how to deliver it, supplies equipment and corrects defects at their own cost.

These facts can support self-employment, but the whole engagement still needs assessment.

Use HMRC's checker properly

CEST means **Check Employment Status for Tax**. Answer using the actual facts, save the questions and result, and review when the arrangement changes.

HMRC says it will stand by a result when the information is accurate and used correctly. "Unable to determine" is not approval to pay gross. Ask us to help resolve it.

CHECK THE RULES HMRC status checker (CEST) · Self-employed or employed · Employment rights and status

03 / YOUR ENGAGEMENT FACT-FIND

Get the answer agreed before the first payment.

Do not rewrite paperwork to contradict how the person will really work.

Information for the review	Your answer / evidence
Person / supplier name, role and proposed start date	
Engaging an individual, company or agency? Contract attached?	
Who controls work, hours and location? What is actually required?	
Substitution: what can happen in practice and who pays?	
Price, equipment, financial risk and responsibility for errors	
Ongoing obligations, other work, duration and notice terms	

Where a worker has their own company

For public-sector and medium/large private-sector clients, the client normally decides under the off-payroll rules and communicates a reasoned status determination.

For a qualifying small private-sector client, the worker's intermediary normally retains IR35 responsibility. This is not a blanket exemption for directly hired individuals.

Company-size and group tests have timing rules. Ask SBX to check rather than relying on a casual description of the business as "small".

Agree the next step

Tax review / CEST result: [enter]
Employment-rights review: [enter]
PAYE, CIS or supplier setup needed: [enter]
Next review date / trigger: [enter]

SBX can help with tax and payroll. Employment-law advice may be needed for contracts and worker rights. Review again if the facts change.

Contact our office or your account manager. info@sbxaccountants.com | 020 7046 1730

Complete a private copy and send it through your agreed SBX upload channel. Do not put completed client records in the shared resource library.

CHECK THE RULES Off-payroll working for clients · HMRC status checker (CEST) · CIS contractor duties · Employment rights and status