

## Professional Passport leads supply-chain compliance discussion with new report



[Professional Passport](#), the UK's largest independent assessor of payment intermediary compliance is urging Government to take on board some well-considered short-term solutions that will serve to benefit and protect the whole supply chain as well as helping the Treasury to recoup some £1bn in lost revenue due to non-compliant practices.

Outlined in a new report entitled [The Good, The Bad and The Ugly - Addressing the issues of non-compliance in the umbrella and payment intermediary sector](#) Professional Passport is telling Government that a number of short-term and longer-terms plans must be put in place to help build a more open, compliant and orderly marketplace without the need for more legislation and regulation.

Dave Chaplin, CEO of contracting authority ContractorCalculator said: "This excellent report lays down a pragmatic path to supply chain compliance, enabling the Treasury to close the tax gap due to supply chain malpractice. But, will HMRC listen?"

### What does Professional Passport initially propose?

#### Proactive use of existing data

HMRC should develop a tool that integrates the intermediary reporting data against the RTI data to highlight potential disguised remuneration schemes. HMRC should also consider developing this tool to allow authorised users to interrogate the data within set parameters. The tool could be built to compare and highlight trends to better inform the enforcement picture.

#### HMRC Umbrella Pay Calculator

HMRC should develop a calculator hosted on .gov website so that checks can be made by workers with the output providing a detailed breakdown of all costs, including employment costs. This would afford HMRC the chance to highlight common areas where disguised remuneration or other hidden costs could be found. The calculator could include a reporting function for users to report any anomalies when matched with HMRC's illustration. This would provide valuable intelligence to help inform enforcement.

#### HMRC Umbrella Payslip Checker

In developing the calculator it would be relatively simple to add an umbrella payslip checker so that the workers' payslip data could be checked for accuracy and any concerns could be reported to HMRC. It would also provide an opportunity for HMRC to promote the Personal Tax Account which serves to validate the payslip information. Again, it will help to marginalise the providers where false payslips are being produced.

#### Benchmarked PAYE rate

All roles advertised, where the rate offered is not PAYE, should use a set formula to create a benchmarked PAYE rate that must also be

shown. This allows a worker a common currency when assessing the true value of roles.

### **Status Indicator**

To assess any assignment, contractors must understand its Off-Payroll status as well as Supervision, Direction and Control. Whilst the status can only be finalised once the worker has been considered, this should indicate a provisional status. In many instances, the workers input is unlikely to alter the outcome.

### **Collegiate work with sector bodies**

HMRC, BEIS and EASI should build closer relationships with compliance bodies and the wider sector. Compliance bodies set their own compliance standards and a more structured approach would allow the departments to inform and be informed on pressure points in the market. Compliance accreditations allows faster reactions to market distortions and would help limit and restrict market access to non-compliant 'have I got a good idea for you' schemes.

### **Protecting the integrity of the compliance reviews**

With compliance accepted as a crucial component of the supply chain it is important that reviews are of the highest standards. HMRC should seek ways to work with compliance providers and utilise the intermediary reporting versus RTI returns comparison tool to provide a further level of validity to compliance reviews. It would provide a significant barrier to entry for non-compliant offerings.

## **Government has ignored advice from experts**

Commenting on the proposals, Crawford Temple, CEO of Professional Passport said: "We have seen a proliferation of regulation and legislation over the last forty years as policymakers seek to catch up with the fast-moving pace of the modern working landscape. It means that a catalogue of legislation has resulted in a series of unintended consequences that has not served the contracting sector and the whole supply chain well. Government has ignored advice from experts so that legislation continues to fail to address the underlying issues and challenges that our industry faces, namely non-compliance, transparency and enforcement.

Chaplin agrees: "It's regrettable, but much of the blame sits with HMRC who repeatedly ignore what they are told. If HMRC spent as much time and effort listening to experts like Crawford, as they do covering up their own incompetence, then the Treasury would have another one billion reasons to increase the pay of NHS nurses."

## **Regulation is not the answer, we need enforcement**

Crawford continues, "Just recently we have heard an increasing number of calls to regulate the industry in response to widely reported non-compliance and malpractice. It is of course vitally important for the reputation of the entire sector that we call out any bad practice, but I don't believe that regulation is the answer. Proactive enforcement is but it is simply not happening. As a result, non-compliance and illegal practices are being allowed to thrive which is costing the Treasury some £1bn per year in lost revenue.

Chaplin reinforces this view: "Crawford Temple's decades of industry experience and deep understanding of a whole raft of related legislation, is accurately summed up – "the legislative snowball". And despite layer upon layer being added over two decades, that snowball has failed to hit the target."

## **Short-term solutions are available**

Crawford says that: "The short-term solutions we are proposing are achievable quick wins to helping level the playing field and I would urge policymakers to get on board with our proposals so that we can provide a more stable foundation on which to build upon. It is time to stop the perpetual cycle of legislation and radically rethink and simplify the rules that work for the benefit of all those in the sector who are striving hard to raise standards and drive out those who consistently seek to break the rules and behave unethically."

Julia Kermode, founder of [IWORK](#) also commented: "Many of the quick wins proposed are genius because they are so simple yet have the potential to be extremely effective."

Chaplin also champions the ideas proposed by Professional Passport: "MPs and Government should read this very lengthy and detailed report, and in line with their favoured use of boiling down complex situations into 3-word soundbites, I would recommend they do 'What he said'."

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