STATUTORY INSTRUMENTS

2026 No. 388

SOCIAL SECURITY

The Social Security Contributions (Umbrella Companies) Regulations 2026

Made - - - -	*31st March 2026*
Laid before Parliament	*1st April 2026*
Coming into force - -	*6th April 2026*

The Treasury make regulations 1, 2, 3(1) to (3), 4, 5(1) to (11), 6, 7, 8 and 9 in exercise of the powers conferred by sections 4A(2C) and 175(4) and (5) of the Social Security Contributions and Benefits Act 1992(**a**) and sections 4A(2C) and 171(4) and (5) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992(**b**).

The Commissioners for His Majesty's Revenue and Customs make regulations 1, 3(4) and 5(12) in exercise of the powers conferred by section 8(1)(m) of the Social Security Contributions (Transfer of Functions, etc.) Act 1999(**c**) and Article 7(1)(m) of the Social Security Contributions (Transfer of Functions, etc.) (Northern Ireland) Order 1999(**d**) and now exercisable by them(**e**).

The Secretary of State and the Department for Communities(**f**) concur in the making of regulations 1, 2, 3(1) to (3), 4, 5(1) to (11), 6, 7, 8 and 9.

(**a**) 1992 c. 4. Section 4A was inserted by section 75 of the Welfare Reform and Pensions Act 1999 (c. 30), amended by paragraph 289 of Schedule 1 to the Income Tax Act 2007 (c. 3) and modified by S.I. 2003/1874, 2007/2071 and 2026/341. Section 175(4) was amended, by paragraph 29 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2). Section 175(5) was substituted by paragraph 36 of Schedule 1 to the Social Security (Incapacity for Work) Act 1994 (c. 8).

(**b**) 1992 c. 7. Section 4A was inserted by section 76 of the Welfare Reform and Pensions Act 1999, amended by paragraph 292 of Schedule 1 to the Income Tax Act 2007, and modified by S.I. 2003/1884, 2007/2072 and 2026/340. Section 171 was relevantly amended by S.I. 1994/1898 (N.I. 12).

(**c**) 1999 c. 2.

(**d**) S.I. 1999/671, to which there are amendments not relevant to these Regulations.

(**e**) The functions of the Commissioners of Inland Revenue ("the former Commissioners") were transferred to the Commissioners for His Majesty's Revenue and Customs by section 5 of the Commissioners for Revenue and Customs Act 2005 (c. 11). Section 50(1) of that Act provides that, insofar as is appropriate in consequence of section 5, a reference to the former Commissioners (in whatever terms) in other enactments is to be read as a reference to the Commissioners for His Majesty's Revenue and Customs.

(**f**) "Department" is defined under section 170 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 as the Department of Health and Social Services for Northern Ireland. The functions of the Department of Health and Social Services for Northern Ireland under the Social Security Contributions and Benefits (Northern Ireland) Act 1992 were transferred to the Department for Social Development by S.R. 1999 No. 481. The Department for Social Development was renamed the Department for Communities by section 1(7) of the Departments Act (Northern Ireland) 2016 (c. 5 (N.I.)).

Citation and commencement

1. These Regulations may be cited as the Social Security Contributions (Umbrella Companies) Regulations 2026 and come into force on 6th April 2026.

Interpretation

2.—(1) In these Regulations—

"arrangements" include any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);

"the client" has the meaning given in regulation 3(1)(a);

"the deemed employer provisions" means—

(a) paragraph 2 of Part 1 of Schedule 1 to the Social Security (Categorisation of Earners) Regulations 1978(**a**),

(b) paragraph 2 of Part 1 of Schedule 1 to the Social Security (Categorisation of Earners) (Northern Ireland) Regulations 1978(**b**),

(c) regulations 6 and 18 of the Social Security Contributions (Intermediaries) Regulations 2000(**c**),

(d) regulations 6 and 18 of the Social Security Contributions (Intermediaries) (Northern Ireland) Regulations 2000(**d**),

(e) regulations 3 and 4 of the Social Security Contributions (Managed Service Companies) Regulations 2007(**e**), and

(f) regulations 3 and 4 of the Social Security Contributions (Limited Liability Partnership) Regulations 2014(**f**);

"material interest" has the meaning given by section 61Y(5) of ITEPA 2003(**g**);

"purported umbrella company" has the meaning given by regulation 5(2) to (4), as the case may be;

"qualifying umbrella company payment" means a payment made in respect of the employment of a worker as an employed earner to the extent that it is not in respect of the provision of services to a person other than the client;

"relevant party" has the meaning given by regulation 4;

"SSCBA" means the Social Security Contributions and Benefits Act 1992;

"umbrella company" has the meaning given by regulation 3(1)(b);

"the umbrella company arrangements conditions " means the conditions set out in regulation 3(3);

(**a**) S.I. 1978/1689; relevant amending instruments are S.I. 1994/726, 1998/1728, 2003/2420 and 2014/635.
(**b**) S.R. 1978 No. 401; relevant amending instruments are S.R. 1994 No. 92 and 1998 No. 250, and S.I. 2003/2421 and 2014/635.
(**c**) S.I. 2000/727; relevant amending instruments are S.I. 2003/2079, 2017/373, 2020/1220 and 2021/308.
(**d**) S.I. 2000/728; relevant amending instruments are S.I. 2003/2080, 2017/373, 2020/1220 and 2021/308.
(**e**) S.I. 2007/2070, amended by S.I. 2020/1220.
(**f**) S.I. 2014/3159, to which there are amendments not relevant to these Regulations.
(**g**) "ITEPA 2003" is defined in section 122(1) of the Social Security Contributions and Benefits Act 1992 and section 121(1) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 and means the Income Tax (Earnings and Pensions) Act 2003 (c. 1) and means the Income Tax (Earnings and Pensions) Act 2003.

"worker" has the meaning given in regulation 3(1)(a).

(2) In these Regulations references to an individual being employed(**a**) as an employed earner(**b**) do not include the individual being treated as an employed earner as a result of any of the deemed employer provisions, and "employment" and "employer", in relation to an employed earner, are to be construed accordingly.

(3) In the application of regulations 3 to 5 to Northern Ireland a reference to an enactment or instrument made under an enactment applying to Great Britain is to be read as a reference to the corresponding enactment or instrument made under an enactment applying in Northern Ireland.

Umbrella companies: joint and several liability

3.—(1) Paragraph (2) applies if—

(a) an individual ("the worker") personally provides services, or enters into arrangements with a view to personally providing services, to another person ("the client"),

(b) the worker is employed as an employed earner by a third person (the "umbrella company")—

(i) that carries on a business, whether or not with a view to profit and whether or not in conjunction with any other business, of supplying labour, and

(ii) that is not a company in which the worker has a material interest, and

(c) the umbrella company arrangements conditions are met.

(2) Each relevant party—

(a) is, along with the umbrella company, jointly and severally liable to pay any amount payable, in accordance with sections 6, 10 and 10A of and paragraph 3 of Schedule 1 to the SSCBA(**c**), by the umbrella company in relation to a qualifying umbrella company payment, but

(b) is not to be treated as the secondary contributor for the purposes of section 7 of the SSCBA(**d**).

(3) The umbrella company arrangements conditions are that—

(a) there is a contract between the umbrella company and—

(**a**) "Employment" is defined in section 122 of the Social Security Contributions and Benefits Act 1992 and includes any trade, business, profession, office or vocation and "employed" has a corresponding meaning. Section 121 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 contains a corresponding definition in relation to employment in Northern Ireland.

(**b**) "Employed earner" is defined in section 122(1) of the Social Security Contributions and Benefits Act 1992 and has the meaning assigned to it by section 2 of that Act and means a person who is gainfully employed in Great Britain either under a contract of service, or in an office (including elective office) with earnings. Sections 2 and 121(1) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 contain a corresponding definition.

(**c**) Section 6 of the Social Security Contributions and Benefits Act 1992 ("SSCBA") was substituted by paragraph 2 of Schedule 9 to the Welfare Reform and Pensions Act 1999 ("WRPA 1999") and was amended by section 77 of the Child Support, Pensions and Social Security Act 2000 (c. 19) ("CSPSSA 2000"). Section 10 of the SSCBA was substituted by section 74 of CSPSSA 2000 and amended by paragraph 2 of Schedule 1 to the National Insurance Contributions Act 2002 (c. 19) ("NICA 2002"), paragraph 174 of Schedule 6 and Part 1 of Schedule 8 to the Income Tax (Earnings and Pensions) Act 2003, section 14 of the National Insurance Contributions Act 2014 (c. 7), paragraph 23 of Schedule 1 to the Finance Act 2015 (c. 11), sections 1 and 3 of the National Insurance Contributions (Termination Awards and Sporting Testimonials) Act 2019 (c. 23) and S.I. 2007/799. Section 10A of the SSCBA was inserted by section 53 of the Social Security Act 1998 (c. 14) ("SSA 1998") and amended by paragraph 11 of Schedule 3 to Social Security Contributions (Transfer of Functions, etc.) Act 1999 ("the Transfer Act"), section 77 of WRPA 1999, paragraph 3 of Schedule 1 to NICA 2002, paragraph 177 of Schedule 6 to ITEPA 2003 and paragraph 1 of Schedule 1 to the National Insurance Contributions and Statutory Payments Act 2004 (c. 3) ("NICSPA 2004"). Paragraph 3 of Schedule 1 to the SSCBA was amended by section 55 of and paragraph 77 of Schedule 7 to the SSA 1998, paragraph 33 of Schedule 3 to the Transfer Act, Part 8 of Schedule 9 to the CSPSSA 2000, paragraph 13 of Schedule 1 to the NICA 2002 and section 1 of and Schedule 2 to the NICSPA 2004.

(**d**) Section 7 of the Social Security Contributions and Benefits Act 1992 was amended by paragraph 7 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999, paragraph 173 of Schedule 6 to the Income Tax (Earnings and Pensions) Act 2003, paragraph 2 of Schedule 2 to the National Insurance Contributions Act 2014 and section 6 of the National Insurance Contributions Act 2015 (c. 5).

(i) the client, or

(ii) another person,

(b) under or in consequence of the contract—

(i) the services are provided, or

(ii) the umbrella company is paid, or otherwise provided with consideration, for the services, and

(c) if the contract is not between the umbrella company and the client—

(i) there is a contract between the client and another person, and

(ii) the provision of the services or of payment or other consideration for the services is also a consequence of that other contract, whether directly or as a result of a series of contracts involving other persons.

(4) Any issue whether the circumstances are such as are mentioned in paragraph (1) is an issue relating to contributions that is prescribed for the purposes of section 8(1)(m) of the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (decision by officers of Board).

Relevant Parties

4.—(1) If the contract referred to in regulation 3(3)(a) is between the umbrella company and a person other than the client, the person referred to in regulation 3(3)(c)(i) is a relevant party.

(2) The client is a relevant party if—

(a) the contract referred to in regulation 3(3)(a) is between the umbrella company and the client, or

(b) the person referred to in regulation 3(3)(c)(i)—

(i) is connected, within the meaning of section 993 of the Income Tax Act 2007 (meaning of "connected" persons)(**a**), with the umbrella company, or

(ii) is not resident in the United Kingdom.

(3) In a case where—

(a) both the client and the person referred to in paragraph (3)(c)(i) of regulation 3 are not resident in the United Kingdom,

(b) the provision of the services or payment or other consideration for the services is a consequence of a series of contracts involving other persons, other than the worker, and

(c) at least one of those persons is resident in the United Kingdom,

the person who is resident in the United Kingdom and is closest, by reference to that series of contracts, to the client is a relevant party.

Purported umbrella companies

5.—(1) Paragraph (5) applies if any of the following cases applies.

(2) Case 1 is that—

(a) a person ("the purported umbrella company") participates in arrangements that would, if an individual were employed as an employed earner by the purported umbrella company, result in the umbrella company arrangements conditions being met in relation to services the individual provides to the client,

(b) either—

(**a**) 2007 c. 3.

(i) it is reasonable to suppose that one or more participants in the arrangements, other than the purported umbrella company or the individual, would assume that the purported umbrella company is the employer of that individual, or

(ii) the purported umbrella company has taken any step that it is reasonable to suppose was intended to give the impression to any person, whether or not that impression is given, that the purported umbrella company is the employer of the individual,

(c) the individual is not employed as an employed earner by the purported umbrella company, and

(d) if the individual were employed as an employed earner by the purported umbrella company, regulation 3(2) would apply.

(3) Case 2 is that—

(a) a person ("the purported umbrella company") participates in arrangements that would, if an individual were employed as an employed earner by the purported umbrella company, result in the umbrella company arrangements conditions being met in relation to services the individual provides to the client,

(b) the individual would, ignoring this regulation, be treated as employed as an employed earner by the purported umbrella company as a result of paragraph 2 of Part 1 of Schedule 1 to the Social Security (Categorisation of Earners) Regulations 1978,

(c) if the individual were employed as an employed earner by the purported umbrella company, regulation 3(2) would apply,

(d) if it did apply accordingly, the contract referred to in regulation 3(3)(a) would be between the umbrella company and the client, and

(e) the provision of the services by the individual to the client was not as a result of services having been provided to the individual in connection with finding the client with a view to the individual personally providing services to the client—

(i) by the purported umbrella company, or

(ii) where the provision of services to the client is as a result of a series of contracts, by one or more of the parties to those contracts.

(4) Case 3 is that—

(a) a company ("the purported umbrella company") in which an individual has a material interest participates in arrangements that would, if the company were the umbrella company, result in the umbrella company arrangements conditions being met in relation to services the individual provides to the client,

(b) either—

(i) it is reasonable to suppose that one or more participants in the arrangements, other than the purported umbrella company or the individual, would assume that a substantial proportion of amounts provided to the purported umbrella company in respect of the services will be paid to the individual as earnings derived from the individual's employment as an employed earner, or

(ii) the purported umbrella company has taken any step that it is reasonable to suppose was intended to give the impression to any person, whether or not that impression is given, that a substantial proportion of amounts provided to the purported umbrella company in respect of the services will be paid to the individual as earnings derived from the individual's employment as an employed earner,

(c) it is not the case that a substantial proportion of amounts provided to the purported umbrella company in respect of the services is paid to the individual as earnings derived from the individual's employment as an employed earner, and

(d) regulation 3(2) would apply if the requirement in regulation 3(1)(b)(ii) were omitted.

(5) If this paragraph applies—

(a) the individual is to be treated, for the purposes of Parts 1 to 5 of the SSCBA, as employed as an employed earner by the purported umbrella company, the duties of which consist of the services the individual provides to the client,

(b) all relevant remuneration is to be treated as earnings derived from that employed earner's employment for those purposes,

(c) the purported umbrella company is to be treated for those purposes as the secondary contributor in respect of the relevant remuneration,

(d) where there is any provision of relevant remuneration, by any person and to any person, that does not result, whether as a direct result of that provision, as a result of the onward provision of that remuneration or otherwise, in the payment of earnings derived from an employed earner's employment of that remuneration, or any part of it, to the individual, the purported umbrella company is treated as making, and the individual is treated as receiving—

(i) a payment of earnings derived from an employed earner's employment in the relevant amount made at the time it was provided for the purposes of Parts 1 to 5 of the SSCBA, and

(ii) a qualifying umbrella company payment made in the relevant amount at that time,

(e) the deemed employer provisions do not apply in relation to the provision of those services, and

(f) accordingly, regulation 3(2) will apply in relation to the purported umbrella company.

(6) For the purposes of paragraph (5)—

(a) in sub-paragraph (d) the "relevant amount" means so much of the remuneration provided as does not result in the payment of earnings derived from the individual's employment as an employed earner, and

(b) sub-paragraph (d) only applies in relation to the initial provision of an amount of relevant remuneration and not to any subsequent onward provision of the same amount.

(7) If paragraph (5) would, ignoring this paragraph, apply in relation to more than one purported umbrella company in relation to services the individual provides to the client, paragraph (5) only applies in relation to the purported umbrella company that—

(a) is a person to whom the provisions in Parts 1 to 5 of the SSCBA apply, and is closest to the individual, by reference to the contract or series of contracts resulting in the provision of those services, or

(b) if none of the purported umbrella companies is a person to whom Parts 1 to 5 of the SSCBA apply, is closest to the individual by reference to that contract or those contracts.

(8) Where paragraph (5) applies and there is a person who is an umbrella company in relation to the services the individual provides to the client, that paragraph has effect as if—

(a) sub-paragraph (a) were omitted,

(b) in sub-paragraph (b), the reference to that employed earner's employment were to the employed earner's employment of the individual by the umbrella company,

(c) in paragraph (d), the reference to the purported umbrella company were to the umbrella company, and

(d) paragraph (f) were omitted.

(9) Paragraph (10) applies where paragraph (5) applies and there is more than one person who—

(a) is an umbrella company in relation to services the individual provides to the client, or

(b) is a purported umbrella company in relation to those services, including a purported umbrella company in relation to which paragraph (5) does not apply as a result of paragraph (7).

(10) Where this paragraph applies, each of the persons falling within paragraphs (9)(a) or (b), whether or not they fulfil the conditions prescribed under section 1(6)(a) of the SSCBA, is, to the extent this would not otherwise be the case, jointly and severally liable to pay any amount payable under sections 6, 10 and 10A of, and paragraph 3 of Schedule 1 to, the SSCBA, in relation to the relevant remuneration.

(11) For the purposes of this regulation "relevant remuneration" means—

(a) all remuneration receivable by the individual, from any person, in consequence of providing the services, and

(b) any other amount that it is just and reasonable to attribute to provision of the services by the individual, for example, any amounts that would form a part of any earnings derived from that employed earner's employment if any of the deemed employer provisions applied.

(12) Any issue whether the circumstances are such as are mentioned in paragraphs (2), (3) or (4) is an issue relating to contributions that is prescribed for the purposes of section 8(1)(m) of the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (decision by officers of Board).

Amendment of the Social Security (Categorisations of Earners) Regulations 1978

6.—(1) The Social Security (Categorisation of Earners) Regulations 1978 are amended as follows.

(2) In regulation 1(2) at the appropriate place insert—

> ""foreign purported umbrella company" in paragraph 9 of Schedule 3 to these Regulations means a purported umbrella company, to whom regulation 5(5) of the Social Security (Umbrella Companies) Regulations 2026 applies and who does not have a place of business, residence or presence in Great Britain;".

(3) In the Table in Schedule 3—

(a) after paragraph (9)(f) of Column (A) insert—

> "(g) under or in consequence of a contract between a foreign purported umbrella company and an end client(**a**) where the worker(**b**) provides services to that end client; or
>
> (h) under or in consequence of a contract between a foreign purported umbrella company and a UK agency(**c**), where the worker provides services to an end client.";

(b) in Column (B)—

(**a**) "End client" is defined in regulation 1 of the Social Security (Categorisation of Earners) Regulations 1978 for the purposes of paragraph 2 of Schedule 1 and paragraphs 2 and 9 of Schedule 3 to those Regulations and means a person (including any connected person within the meaning given by section 993 of the Income Tax Act 2007) who has a place of business, residence or presence in Great Britain and to whom the worker personally provides services.

(**b**) "Worker" is defined in regulation 1 of the Social Security (Categorisation of Earners) Regulations 1978 for the purposes of paragraph 2 of Schedule 1 and paragraphs 2 and 9 of Schedule 3 to those Regulations and means the person providing services under or in consequence of the contract.

(**c**) "UK agency" is defined in regulation 1 of the Social Security (Categorisation of Earners) Regulations 1978 for the purposes of paragraph 2 of Schedule 1 and paragraphs 2 and 9 of Schedule 3 to those Regulations and means a person (including a body of persons unincorporate of which the employed person is a member) who has a place of business, residence or presence in Great Britain.

(i) in paragraph 2(a), for "; or" substitute ".";

(ii) omit paragraph 2(b);

(iii) after paragraph 9(h), insert—

"(i) employment within paragraph 9(g) of column (A), the end client; or

(j) employment within paragraph 9(h) of column (A), the UK agency who has a contractual relationship with the end client.".

Amendment of the Social Security (Categorisation of Earners) Regulations (Northern Ireland) 1978

7.—(1) The Social Security (Categorisation of Earners) Regulations (Northern Ireland) 1978 are amended as follows.

(2) In regulation 1(2) at the appropriate place insert—

""foreign purported umbrella company" in paragraph 7 of Schedule 3 to these Regulations means a purported umbrella company, to whom regulation 5(5) of the Social Security (Umbrella Companies) Regulations 2026 applies and who does not have a place of business, residence or presence in Northern Ireland;".

(3) In the Table in Schedule 3—

(a) after paragraph (7)(f) of Column (A) insert—

"(g) under or in consequence of a contract between a foreign purported umbrella company and an end client(**a**) where the worker(**b**) provides services to that end client; or

(h) under or in consequence of a contract between a foreign purported umbrella company and a UK agency(**c**) where the worker provides services to an end client.";

(b) in Column (B)—

(i) in paragraph 2(a), for "; or" substitute ".";

(ii) omit paragraph 2(b);

(iii) after paragraph 7(h), insert—

"(i) employment within paragraph 7(g) of column (A), the end client; or

(j) employment within paragraph 7(h) of column (A), the UK agency who has a contractual relationship with the end client.".

Amendment of the Social Security Contributions (Intermediaries) Regulations 2000

8. In regulation 22 of the Social Security Contributions (Intermediaries) Regulations 2000, after paragraph (4) insert—

(**a**) "End client" is defined in regulation 1 of the Social Security (Categorisation of Earners) (Northern Ireland) Regulations 1978 for the purposes of paragraph 2 of Schedule 1 and paragraphs 2 and 7 of Schedule 3 to those Regulations and means a person (including any connected person within the meaning given by section 993 of the Income Tax Act 2007) who has a place of business, residence or presence in Northern Ireland and to whom the worker personally provides services.

(**b**) "Worker" is defined in regulation 1 of the Social Security (Categorisation of Earners) (Northern Ireland) Regulations 1978 for the purposes of paragraph 2 of Schedule 1 and paragraphs 2 and 7 of Schedule 3 to those Regulations and means the person providing services under or in consequence of the contract.

(**c**) "UK agency" is defined in regulation 1 of the Social Security (Categorisation of Earners) (Northern Ireland) Regulations 1978 for the purposes of paragraph 2 of Schedule 1 and paragraphs 2 and 7 of Schedule 3 to those Regulations and means a person (including a body of persons unincorporate of which the employed person is a member) who has a place of business, residence or presence in Northern Ireland.

"(4A) But where the fraudulent documentation condition would, ignoring this paragraph, be met as a result of the provision of a fraudulent document intended to constitute evidence that regulation 3 of the Social Security Contributions (Umbrella Companies) Regulations 2026 applies in relation to the services provided by the worker, that condition is to be treated as not met.".

Amendment of the Social Security Contributions (Intermediaries) (Northern Ireland) Regulations 2000

9. In regulation 22 of the Social Security (Intermediaries) (Northern Ireland) Regulations 2000, after paragraph (4) insert—

"(4A) But where the fraudulent documentation condition would, ignoring this paragraph, be met as a result of the provision of a fraudulent document intended to constitute evidence that regulation 3 of the Social Security Contributions (Umbrella Companies) Regulations 2026 applies in relation to the services provided by the worker, that condition is to be treated as not met.".

Lillian Greenwood
Christian Wakeford
30th March 2026 Two of the Lords Commissioners for His Majesty's Treasury

Jonathan Athow
Justin Holiday
30th March 2026 Two of the Commissioners for His Majesty's Revenue and Customs

The Secretary of State concurs as indicated in the preamble.
Signed by authority of the Secretary of State for Work and Pensions

Stephen Timms
Minister of State
31st March 2026 Department for Work and Pensions

The Department for Communities concurs as indicated in the preamble.
The Official Seal of the Department for Communities is affixed on the 30th March 2026

L.S.

Cherrie Arnold
30th March 2026 A Senior Officer of the Department for Communities

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made in consequence of the insertion of Chapter 11 into the Income Tax (Earnings and Pensions) Act 2003 by section 24 of the Finance Act 2026 (c. 11).

These Regulations make recruitment agencies jointly and severally liable to pay any amount payable under sections 6, 10 and 10A of and paragraph 3 of Schedule 1 to the Social Security Contributions and Benefits Act 1992 and section 6, 10 and 10A of and paragraph 3 of Schedule 1 to the Social Security Contributions and Benefits (Northern Ireland) Act 1992, when they supply workers through umbrella companies. Where there is no agency involved in the supply of the worker, the joint and several liability will apply to the client to whom the services are provided.

Regulation 3 specifies the conditions under which joint and several liability arises. It makes certain relevant parties jointly and severally liable for paying any Class 1 National Insurance Contributions due on a qualifying umbrella company payment, and it defines the contractual arrangements within a labour supply chain that must be in place for this joint and several liability to arise. Regulation 3(4) provides HMRC with the power to determine whether the conditions under which this joint and several liability arises have been met.

Regulation 4 defines who is a relevant party for the purposes of regulation 3.

Regulation 5 explains the circumstances in which a person is regarded as a 'purported umbrella company'. It also sets out when an individual is to be treated as employed by such a purported umbrella company, specifies which remuneration counts as earnings from that deemed employment, and sets out when joint and several liability, under regulation 3, applies in relation to the purported umbrella company. Regulation 5(12) provides HMRC with the power to determine whether a person is a purported umbrella company.

Regulations 6, 7, 8 and 9 amend legislation in consequence of regulations 3 to 5 in order to prevent a joint and severally liable person from avoiding liability where fraudulent documentation has been provided to that person and to ensure there is a liable entity in the United Kingdom.

A Tax Information and Impact Note covering this instrument has been published on the website at: https://www.gov.uk/government/publications/paye-changes-for-the-umbrella-company-market.

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