PLAN B HEALTHCARE BENEFITS OF PAYE

What are the Benefits of PAYE?

PAYE stands for 'pay as you earn', and is the government's system for collecting income tax and National Insurance from your wages. This means your taxes are paid from your earnings before they reach your bank account.

You can be 100% sure you're paying the correct taxes on your wages and are not running the risk of miscalculating and being chased for back taxes by HMRC.

An engager must operate PAYE and NICs deductions from your wages if you are an employee for tax purposes.

Other advantages of being paid via PAYE:

Entitlement to state benefits

When you pay National Insurance contributions, you build up your entitlement to contributory benefits such as:

- Basic State Pension and New State Pension
- Maternity Allowance (contribution-based)
- New Style Jobseeker's Allowance (contribution-based)
- New Style Employment and Support Allowance
- Bereavement Benefits
- Your entitlement to certain state benefits and the amount you can get depends on your National Insurance contribution (NICs) record
- By being paid via PAYE, you can ensure that there are no gaps in this record so that you have full entitlement to these benefits

Pension Contributions

In addition to the above you will also be automatically enrolled into the Plan B Healthcare pension scheme, The People's Pension after three months. You will benefit from Plan B Healthcare contributions (3% of eligible earnings) as well as a tax relief on the contributions that you make (5% of eligible earnings).

Convenience for you

- You don't need to pay for an accountant
- You don't need to arrange your own indemnity insurance
- If applicable, all you need to do is submit receipts to us as we will keep a record of them
- You don't need to prepare annual accounts or submit confirmation statements, corporation tax returns or self-assessment tax returns (if your only source of income is from Plan B Healthcare)
- There won't be any retention of margin (whether fixed or percentage based) from an umbrella company

How will I get paid?

As a worker engaged by Plan B Healthcare you will be an employee for tax purposes and thus any earnings will be taxed under PAYE. You'll also be paid weekly on Friday before 6pm (if your timesheet is submitted & approved by Monday 12pm).

Can I work other jobs paid via PAYE?

You can work for other agencies/engagers, as well as working through Plan B Healthcare, and your taxes will be calculated accordingly. You will always end up paying the right amount of tax, regardless of how many jobs you have that are paid via PAYE.

We recommend seeking professional advice on tax and pensions based on your individual circumstances, to be fully informed.

To read more about working two or more jobs paid via PAYE, please see our PAYE guide below.

Why are we encouraging PAYE?

We're offering direct engagement with Plan B Healthcare so that we can agree terms with you directly. This allows us to know the rights and obligations between us. The nature of the terms will mean that you are an employee for tax purposes and thus any payment of wages we make to you will be after PAYE and NICs deductions. This will ensure that you pay the correct taxes and NICs on your income from Plan B Healthcare.

In addition, this will also ensure that you do not fall foul of any tax and NICs legislation. As you know, tax and NICs legislation is forever changing and can be complex. If we engage with you directly and you are an employee for tax purposes, we will operate PAYE and NICs deductions from your wages and pay this over to HMRC on your behalf.

A recent change to the IR35 legislation has also meant that the large number of clients in the country (and those that we engage with) have stated that they will not engage with individuals that provide services through their own PSC (or other intermediary). This means that you must be engaged as an employee for tax purposes in order to work for our clients.

What will happen to rates?

Rates can vary client to client but we always encourage clients to set fair rates.

Why do we prefer a direct engagement and not an umbrella company engagements?

There are three key reasons we support PAYE rather than umbrella company payments:

BETTER VALUE FOR YOU

Umbrella companies retain weekly fixed or percentage margins, as well as taking the same deductions for PAYE. Therefore, it's better to be engaged directly by us as we agree a rate for your services and that is what we will pay you for the work that you do.

NO TAX RISK

Umbrella companies often promise that you can take home "the majority of your salary" (up to 90%). This could mean that they are involved in a tax avoidance scheme, which could then be challenged at a later date by tax authorities and result in you receiving a large tax bill.

CONSISTENT PAY

When you work for an umbrella company, your pay date is dependent on when the umbrella company is paid by the agency. As a PAYE worker with Plan B Healthcare, you'll be paid weekly on Friday before 6pm (if your timesheet is submitted & approved by Monday 12pm).

What are the benefits of a direct engagement of PAYE?

You'll be able to keep the flexibility and control of finding shifts with Plan B Healthcare and choosing the rate you're happy to work with.

All your taxes for your engagement with Plan B Healthcare will be taken care of; therefore, you won't need to hire an accountant. You can be 100% sure you're paying the correct taxes on your wages from Plan B Healthcare and are not running the risk of miscalculating and being chased for back taxes by HMRC.

You'll also be automatically enrolled into Plan B Healthcare's pension scheme as under the terms, you will be a jobholder for auto-enrolment.

Will I get double taxed if I am PAYE with Plan B Healthcare and with my other jobs?

You will always end up paying the right amount of tax, regardless of how many jobs you have that are PAYE.

How PAYE works when you have two or more jobs:

INCOME TAX

You will only be able to apply your personal tax free allowance of £12,500 to one job. You only get one personal allowance, so it's usually best to have it applied to the job paying you the most.

If you earn over the personal allowance in that job during the year your effective rate of tax will be correct as it will be automatically adjusted by HMRC across your different employments. While it will appear that one job is more heavily taxed, this will be because you are using your personal allowance in the other job.

NIC

You will only pay National Insurance on earnings above £166 per week in both jobs.

PENSION

You will receive pension contributions from both jobs if you meet the auto enrolment conditions.

You will have the option to opt out of pension schemes, but it's not recommended as this offers both a tax saving and employer's contribution of 3% of eligible earnings.

OTHER

If you ever find you have been taxed more, some of your money could come through as an automatic refund from HMRC, and/or you may have to claim some of it back yourself via a tax rebate.

Read more about this here on Money Advice Service (https://www.moneyhelper.org.uk/en/work/employment/pay-and-tax-when-working-in-more-than-one-job?source=mas)

To understand more, we recommend seeking professional advice on tax and pensions based on your individual circumstances.

Why we recommend to our workers NOT to be engaged by umbrella companies

Ultimately, we believe that such engagements are not always beneficial to our candidates.

Umbrella companies retain margins and some may charge extra fees for additional services, including;

- A sign-up fee
- Leavers fees, if you decide to stop working with an umbrella company
- Insurance cover
- Charges for same day payments
- Charges for additional operating costs, such as processing expenses

You need to make sure you understand exactly what you will be charged (and what for) before starting with an umbrella company.

The above costs are more often than not at the same time as taking the same deductions for PAYE and NICs. Therefore, it's better value to engage directly with Plan B Healthcare.

If you're working through an umbrella company that follows HMRC rules and they deduct your tax and NI correctly, by the time you've accounted for the umbrella company's margin you may well be earning less than a PAYE worker engaged directly by Plan B Healthcare.

You can receive your pay earlier as a PAYE worker with Plan B Healthcare.

When you work for an umbrella company, your pay date can be dependent on when the umbrella company is paid by the agency. As a PAYE worker engaged directly by Plan B Healthcare, you'll be paid weekly on Friday before 6pm (if your timesheet is submitted & approved by Monday 12pm).

We want you to avoid serious HMRC fines.

The costs and margin retention of an umbrella company are just one factor you should consider when choosing, from our preferred supplier list, which one to work with. When choosing an umbrella company there are a few red flags you may want to look out for when making your decision:

1. Percentage fees or margin: as these can prove extremely expensive and incur no additional work for the umbrella company
2. Same day payment fees: an umbrella company should not hold your money unnecessarily and should pay you without delay
3. HMRC compliance: ask what awards/accreditations an umbrella company has to prove they are compliant with the latest HMRC rules and regulations
4. Dedicated liaison officer: ask if you will have one dedicated member of staff to deal with your queries
5. Online portal: this is extremely useful to submit your timesheets and prevents any important documentation getting lost in the post
6. Company background: make sure you only consider established firms with a guaranteed commitment level to their clients

Umbrella companies often promise that you can take home the majority of your salary (up to 90%). This could mean that they are involved in a tax avoidance scheme, which could then be challenged at a later date by tax authorities and result in you receiving a large tax bill.

If an umbrella company is offering to save you tax and boost your take home pay this should be a concern, as this is not possible via legitimate umbrella companies. A number of umbrella schemes have been found to be illegal and we are concerned that many of them do not comply with HMRC rules.

We therefore believe they pose a risk to our candidates and can expose them to unpaid taxes and penalties.

If it sounds too good to be true, it probably is….

A lot of umbrella companies often quote high gross pay rates (gross pay is an individual's total earnings throughout a given period before any deductions are made).

These rates are not comparable to the gross rates you see with Plan B Healthcare as the umbrella rate has not accounted for employer's National Insurance, pension deductions and payroll costs.

When you are a PAYE worker at Plan B Healthcare the actual amount you earn as your gross wage should be the same as quoted, or higher.

Questions? Get in touch

If you have any questions at all about being engaged directly with Plan B Healthcare, please get in touch with your account manager by phone or on email, any time.

If you're unsure of your account manager's contact details, you can call us to ask your question on 0207 042 2850, or email info@planbhealth.co.uk.

PLAN B

HEALTHCARE

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