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**Paying for  
Services**

**GBSport**



Introduction

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**National Agency for  
Business Skills in Sport  
Clubs and Coaches**

Software for Clubs & Coaches  
Web Design

?

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## Introduction

# GBSport

Rugby Football Union  
Lawn Tennis Association  
British Triathlon  
Welsh Sports Association  
Scottish Athletics

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## Introduction

# Mike Lynch

Level 4 Tennis Coach  
Qualified Bookkeeper  
Sport Business Consultant  
Committee Member

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Introduction

# What We Will Cover

Options Available  
Advantages  
Disadvantages  
Recommendations

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## PAYING FOR SERVICES

# Why It Matters

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## Why It Matters

# Paying for Services?

“The payment of monies for the supply of a service by a person or organisation”

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## Why It Matters

# When Club Pays

## Club's Responsibility

Must have Documentation

Impact on Obligations

Impact on Worker Rights

Impact on Tax and NI

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ANY payment in return for a service may be subject to scrutiny by the tax authorities



If the club pays for services, it is the CLUB that is responsible for any tax due **if the payment should be taxed at source, NOT the worker**



## Why It Matters

# The Club Needs To

Determine the worker's status

Assess its obligations

Ensure the paperwork is in order

Pay any tax due on time

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The club will be liable  
for any tax due that  
isn't paid, potentially  
going back up to six  
years, plus interest  
and penalties



PAYING FOR SERVICES

# Options Available

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Options Available

# ALL Workers have a STATUS

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Options Available

## What Status?

Employment  
Self-Employment  
Casual Worker  
Volunteer  
External Organisation

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Options Available

## Club Ideal?


Minimal Worker Obligations  
No Additional Tax  
Minimal Admin  
Easy to Terminate  
Flexible Hourly requirement

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Club can't just  
declare someone  
self-employed –  
MUST prove they  
pass guidelines



PAYING FOR SERVICES

Employment

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Employment

## What is Employment?

No Legal Definition  
Mutuality of Obligation  
No Substitution  
Control with Employer  
No Financial Risk for Employee



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Employment

## Employee?

“An individual who works part-time or full-time under a contract of employment, whether oral or written, express or implied, and has recognized rights and duties”



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Employment

**PLEASE NOTE**

An employee will have an **obligation** to work at a pre-defined time & place

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Employment

**Obligations**

Contract of Service  
Defined Hours  
Employment Rights  
**Club is unpaid tax collector**

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Employment

# PROS | CONS

High level of control	High level of admin
No issues with status	Employment rights
Admin assistance	Employers' NI
	Health & Safety
	Termination Issues

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Employment

## How Does It Work?

Club issues written statement of terms of employment

- Employee provides work
- Club pays employee through PAYE
- Club pays worker – payslip
- Club pays due tax and NI

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Employment

# Requirements

- Payroll
- Employers' NI
- Wage Slip
- National Minimum Wage
- Employers' Liability Cover

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Employment

# Requirements

- Holiday and Sick Pay
- Written Statement of Employment
- Disciplinary Procedures
- Grievance Procedures
- Behavioural Policies

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Employment

# Reality for Clubs?

Need for 'HR' expertise  
Significant legal obligations

## Outsource options?

Local accountant/bookkeeper  
Payroll service

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PAYING FOR SERVICES

# Self Employment

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Self-Employment

# Definition

No Legal Definition  
Supply of services  
**Contract FOR Services**

?

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Self-Employment

# PROS | CONS


Minimal administration	Must ensure relationship passes HMRC scrutiny
No need for payroll	
Flexible hours	Needs monitoring
No employment rights	Less control
Easy to terminate	


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**Self-Employment**

# Requirements

Declaration  
 Pass guidelines  
**Work according to guidelines**  
 Have written proof  
 Pay **ONLY** on valid invoice



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**Self-Employment**


**The ESI outcome**

When you have answered all the questions, the ESI tool will provide it's indication of the worker's employment status. You can rely on the ESI outcome as evidence of a worker's status for tax/NICs/VAT purposes if both of the following apply:

1. your answers to the ESI questions accurately reflect the terms and conditions under which the worker provides their services
2. the ESI has been completed by an engager or their authorised representative (if the tool has been completed by or on behalf of a worker the result is only indicative)


However, you should download and print or save the PDF bearing the 14 digit ESI reference number from the summary of outcome screen. If the worker's employment status is questioned in the future, HMRC will only be bound by the ESI outcome if this document can be produced.

**You must keep a copy of the result for HMRC to be legally bound by the result!**

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Club **MUST** carry out an **EMPLOYMENT STATUS INDICATOR** check for every self-employment role in the club and have evidence of this



Self-Employment

## Three Ways To Pass ESI

- Worker obliged to and does provide a substitute **OR**
- Worker controls what work is done and where **OR**
- Worker supplies facility & equipment & has financial risk

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## Self-Employment

### **Worker Does None?**

It is likely that HMRC would deem your worker to be an employee

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## Self-Employment

### **Deemed Employee**

Tax will be due from club  
Backdated to worker start  
Penalties  
Interest  
Employment rights

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# Declaration?

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## Self-Employment


# Declaration

I am self-employed  
**I am responsible for  
own tax and NI**  
I will inform you if  
my status changes

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**Valid Invoice?**

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Self-Employment

**Valid Invoice**

The word INVOICE  
Details of SERVICES & amounts  
Client name & address  
Worker name & address  
**UNIQUE invoice number**

?

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**Guidelines?**

?

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Self-Employment

**Must Pass ONE of**

Substitution  
Control  
Financial Risk


?



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Self-Employment

# ESI Software


Anonymous series of questions  
THREE sections  
Must pass ONE section  
**HMRC BOUND BY RESULTS**







# Substitution?





 

Self-Employment

# Substitution

“Ability to send someone else to do the work”





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Self-Employment

# Substitution

Contractually Obligated?  
Contractual Right?  
**Has It Happened?**



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## Self-Employment

**PLEASE NOTE**

The software did NOT ask us if the worker had multiple clients – it is not relevant and therefore a **self-employed worker can have just one client/customer**

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Club **MUST** print off the PDF version of the result as **PROOF** if they wish to rely on result





## Self-Employment

# Substitution in Sport

Coach finds substitute

Coach invoices club for work

Invoice names substitute

**Club pays Coach NOT substitute**

Coach pays substitute

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HMRC may check  
to see if the  
worker has ever  
substituted

**Self-Employment**

## Example of Substitution Contract Clause

The Coach shall be obliged to appoint a substitute coach to deliver any element of the contracted services he/she is unable to personally deliver, and shall be required to ensure that the substitute coach is a suitably qualified Coach, is DBS checked to the satisfaction of the Client, is covered for Public Liability insurance/Employers' Liability insurance as appropriate to an acceptable level, **[ADD/AMEND ANY OTHER REQUIRED CONDITIONS]** and is approved by the Client (approval not to be withheld unreasonably). It shall be the responsibility of the Coach to pay the substitute coach for services provided by the substitute coach.

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# Control?

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## Self-Employment

### **Control of the Work**

- Told when and where?
- Told what work to do?
- Told HOW to carry out work?
- Skilled person required?

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## Self-Employment

### **Control in Sport**

- Contract states OWNERSHIP
- Coach decides when/where
- Coach decides content
- Coach can vary day/time

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## Self-Employment

### Example of Control Contract Clause

The Coach shall have ownership of the coaching sessions outlined in the Services and will organise and run a balanced programme of coaching sessions, which shall meet the needs of the Client.

The Coach will be responsible for the payment of other coaches and/or assistants used by the coach in the delivery of the coaching sessions.

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### Financial Risk?

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## Self-Employment

### Financial Risk

“If the engager provides any necessary equipment this fact **will point towards the existence of a contract of employment**”

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## Self-Employment

### Financial Risk

“If the worker is required to provide any **major item of equipment that is fundamental to the work**, this fact will be a **strong pointer** towards self-employment”

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## Self-Employment

### **Financial Risk**

Supplies own “tools of trade”?

Pays for “major items”?

**Financially responsible for  
unsatisfactory work?**

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## Self-Employment

### **Financial Risk in Sport**

Coach supplies own equipment

**Coach pays fee to club**

**for use of facility/access to members**

Coach paid if work satisfactory

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## Self-Employment

### Example of Financial Risk Contract Clause

The Coach shall pay the Client a facility and equipment hire fee for use of the Client facilities and equipment as detailed in the Services. Payment shall be made on submission to the Coach by the Client of a detailed invoice setting out the dates and times when the facilities/equipment were hired.

The Client shall be entitled to make deductions or deferments from any such payments due to the Coach in respect of any disputes or claims whatsoever with or against the Coach.

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## Self-Employment

### Recommendation

Use ESI software

**Print/save ESI PDF as PROOF**

Ensure contract matches ESI

**Issue contract to worker**

Monitor relationship

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## Self-Employment

### **Don't pay the worker?**

Usually coach/physio role  
Customers pay worker directly  
Worker responsible for tax/NI  
Club does not pay worker  
Worker pays for facility?

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## PAYING FOR SERVICES

# Casual Worker

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## Casual Worker

# Casual Worker?

“An individual who works on an occasional basis and who is not obliged to work and has no entitlement to be provided with work”

**NOT AN EMPLOYEE**

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## Casual Worker

PROS	CONS
<ul style="list-style-type: none"><li>Very flexible</li><li>No obligation to provide work</li><li>No obligation to deduct tax/NI under certain conditions</li><li>Fewer rights</li></ul>	<ul style="list-style-type: none"><li>Worker can turn down any work offered</li><li>Obligation to deduct tax/NI under certain conditions</li><li>Should only be used 'occasionally'</li></ul>

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## Casual Worker

# How Does It Work?

**Club & worker complete  
a STARTER CHECKLIST**

Club offers work - worker accepts work

Worker completes timesheet

**Club pays worker – deducts tax/NI  
under certain conditions**

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## Casual Worker

# Deduct Tax/NI?

**NOT WORKING ELSEWHERE?**

Calculate tax/NI liability & deduct  
tax/NI if necessary

**WORKING ELSEWHERE?**

Process payments through PAYE

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## Casual Worker

### Limited Rights

- Paid holiday
- National minimum/living wage
- Right not to be discriminated
- Limits on working time

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## PAYING FOR SERVICES

# Volunteer

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## Volunteer

# Volunteer?

“Someone who works for an organisation without obligation and without pay”

You CAN pay ‘out of pocket’ expenses

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## Volunteer

**PLEASE NOTE**

A volunteer who is paid more than ‘out of pocket’ expenses is NOT a volunteer – they are a worker!

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Volunteer

PROS	CONS
<ul style="list-style-type: none"><li>No payment</li><li>No issues with status</li><li>No employment rights</li><li>Can pay 'out of pocket' expenses</li></ul>	<ul style="list-style-type: none"><li>Less control</li><li>Reliability especially longer term</li></ul>

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Volunteer

**PLEASE NOTE**

There should be NO contract or obligation to work – if there is, your volunteer is likely to be an employee with the right to minimum wage & paid holiday

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## Volunteer

### **How Does It Work?**

- Club asks volunteer to work
- Volunteer carries out work
- Volunteer submits claim form
- Club pays 'out of pocket' expenses as necessary**

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## Volunteer

### **'Out of Pocket' Expenses**

- Travel to and from volunteering
- Travel while volunteering
- Meals taken while volunteering
- Accommodation for overnight stays
- Items bought for organisation
- Cost of protective clothing/special equipment
- Cost of necessary training

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## Volunteer

# Mileage Expenses

Per mile rate (up to 45p tax free)

Mileage log in claim form

From and to postcodes

Reason for travel

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## Volunteer

**PLEASE NOTE**

Honorarium payments – payments for being on the committee – are TAXABLE payments and should be declared by the club

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## PAYING FOR SERVICES

# Support Options



## HELPLINE