



**Off-payroll working rules  
and how they may affect  
your dental practice.**



## Background

The changes to the off-payroll working rules were postponed last spring and now come into force on 6th April 2021.

These rules are driven by the concern that arrangements involving individuals who are working like employees, but through their own personal services company ('PSC') can disguise an employment relationship that would otherwise be subject to income tax and National Insurance contributions.

The aim of these rules is therefore to ensure that such individuals pay broadly the same taxes as employees who are directly employed.

## Who is affected by the rules?

The changes will apply to all medium and large businesses which are classified as such by HMRC if they have at least two of the following:

- Annual turnover more than £10.2 million
- Balance sheet total more than £5.1 million
- More than 50 employees

If you qualify as one of these businesses, then the rules may apply if your dental practice engages individuals such as associate dentists and hygienists who provide their services through a PSC.

## How are qualifying businesses affected by the rules?

The new rules may create significant obligations for your business as they place enhanced responsibilities on the client or end user, in this case the dental practice.

If the off-payroll working rules apply, a dental practice will be responsible for a number of obligations.

These include carrying out an assessment with reasonable care to determine whether the individual is genuinely self-employed or an employee for PAYE purposes.



If it's determined that the individual is a 'deemed employee' for tax purposes, the dental practice must deduct income tax and employee National Insurance contributions at source through PAYE and pay employers' National Insurance contributions.

The outcome should be communicated to the individual and the entity contracting with the dental practice in the form of a 'Status Determination Statement'. If this doesn't happen, then the dental practice may be treated as the deemed employer for the purposes of processing PAYE.

## Next steps

Given the enhanced ongoing obligations and potential increased cost, these new rules may affect both existing and future contracts. You should therefore carry out an audit to review your contractual arrangements, identify how you will comply with the new obligations and consider the most effective staffing structure for a compliant and efficient future.

This article is provided for information purposes only and you should not rely on this note as a comprehensive statement of the law. The list of considerations is not exhaustive and any dentists wishing to explore the subject described in this article are very welcome to contact Jameel Mann, with any specific queries.



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