

Process for Joint and Several PAYE Liability (Effective April 2026)

Purpose

This process sets out how BE Recruitment Limited will ensure compliance with Joint and Several PAYE (Pay As You Earn) Liability rules applying from April 2026, including identification of risk, controls, reporting, and escalation procedures.

Scope

This process applies to:

- All UK PAYE employees on payroll.
- All UK engagements involving labour providers, intermediaries, or connected parties where joint and several liability could arise.
- Finance, Payroll and any teams managing contingent labour.

Definitions

Joint and Several PAYE Liability – A statutory provision under which multiple parties in a labour supply chain can become equally liable for unpaid PAYE tax and NICs arising from non-compliance.

Primary Employer – The entity employing or engaging workers.

Supply Chain Partners – Intermediaries, agencies, umbrella companies, service providers.

Risk Trigger – Any indicator suggesting PAYE deductions may not have been accounted for.

Pre-Engagement Due Diligence

Before engaging any labour provider, obtain and validate:

- HMRC registration details
- PAYE reference numbers
- VAT registration (if applicable)
- Evidence of payroll operation (e.g., sample payslips)
- Insurance certificates
- Confirmation of UK bank account ownership

Contractual Controls

All contracts from April 2026 must include:

- Obligations to operate PAYE correctly.
- Rights to inspect payroll records.
- Joint and several liability acknowledgment.
- Indemnity clauses protecting the organisation.
- Right to suspend or terminate for non-compliance.

Ongoing Monitoring

Monthly / quarterly checks:

- Random RTI sampling from providers.
- Worker confirmation that they are being paid via PAYE.
- Review of payment patterns for irregularities.
- Cross-check for HMRC warnings or compliance notices.

Red flags:

- Provider refusing to share payroll evidence.
- Workers reporting inconsistent take-home pay.
- HMRC correspondence indicating discrepancies.

If any red flag is identified follow Risk Review & Escalation.

Internal PAYE Compliance (for direct staff)

- Maintain real-time PAYE accuracy.
- Reconcile payroll liabilities monthly.
- Ensure PAYE/NIC remittances are made to HMRC by statutory deadlines.
- Document all corrections or adjustments.

Risk Review & Escalation

When a risk trigger occurs:

- Initial Assessment (within 5 working days)
- Payroll reviews documents and communications.
- Determine likelihood of PAYE being unpaid.
- Evidence Request to Supplier (within 10 working days)
- Payroll journals
- RTI submissions
- Worker payment records

Decision

Low risk: Continue engagement with monitoring.

Moderate risk: Increase oversight; hold part of payment.

High risk: Suspend supplier, notify Legal, prepare for HMRC involvement.

Review and Updates

This policy will be reviewed annually or when there are significant changes to IT systems or regulatory requirements.

Document Control and Accountability


Effective from: 12/12/2025

Approved by: Lisa Ridley

Contact for queries:

Lisa Ridley

 0116 482 6500

 lisa.ridley@berecruit.co.uk