

TJB/MBG
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17 Grosvenor Crescent
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6th March 1984

To: Area and Branch Secretaries
Members of the Labour and Machinery Committee
Members of the Soft Fruit and Field Vegetables Committee
Members of the Potato Committee

Dear Sir/Madam,

Casual Workers PAYE and National Insurance

Following discussions with the Inland Revenue and DHSS the rules about tax and national insurance which apply to casual workers have been amended and clarified.

It must be emphasised that the income tax rules relate essentially to irregular casuals engaged for harvest operations such as fruit or potato picking; the same rules do not apply to regular casuals and other employees.

Income Tax

As regards PAYE income tax the detailed rules and practices are set out in the Farmer's Guide to PAYE. As a general rule, PAYE has to be applied to all workers, but there are certain particular situations - applying to farming companies as well as other farmers and growers - in which tax need not be deducted. They are where:

- (a) the worker is a daily casual. A daily casual is a worker who is employed for a period not exceeding a day, whose employment ends that day with no agreement for further employment, and who is paid off in cash at the end of that day;
- (b) a "harvest worker" is taken on for not more than a fortnight. If the worker is taken on for 2 weeks or less PAYE should be operated as soon as it is apparent that the engagement will last for more than 2 weeks and, at the latest, from week 3 - unless (c) below applies. This harvest worker concession can only be applied once a year for any particular worker by any one employer;
- (c) the worker has certified on form P46 that the job is his only or main employment and the payments do not exceed the PAYE threshold (for the tax year 1983/84, £34 a week). In such a case the farmer should retain the completed form P46;
- (d) bona fide students are engaged during their vacations. (The procedure is for the student to complete a simple form - P38(S) - obtainable by the farmer from the Tax Office);
- (e) the worker can show he is self-employed (growers and farmers are advised to make sure that their Tax Office agrees with this interpretation of the worker's status. Harvest workers will very rarely be self-employed);
- (f) payments are made to a gangmaster who is not himself an employee of the farmer.

In these particular situations farmers do not deduct tax, and the Tax Office has the job of getting any tax due from the employee. PAYE auditors have the responsibility of seeing that only in these situations are the normal PAYE procedures and tax deduction obligations suspended.

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To enable the Inland Revenue to discharge these responsibilities, therefore, the employer may be required to make returns at the year end (on forms of the P38 series) of all payments to individuals exceeding £100 in total for the year. Thus, in cases (a), (b) and (c), employers should keep records of the names, addresses and amounts paid to employees concerned, so that a return can be made when required. Similar details may be required in the case of self-employed workers and gangmasters under (e) and (f) but there is no legal requirement to provide names etc. of the individual members of a gang - the Inland Revenue have to pursue the gangmaster for these details.

Employers are likely, in addition, to find that the retention of these records will be of assistance in satisfying auditors that PAYE liability does not arise.

Where families are taken on and payment is made to one member only (e.g. to the father for the services of himself, his wife and children) the employer may apportion the payment between the members of the family in relation to the work done by each member.

National Insurance

The previously agreed arrangements for National Insurance contributions, as set out in the July issue of the Farming Leader, remain unchanged. These can be summarised as follows:-

casual workers are divided into two broad categories:

- (a) Those working in large gangs paid piecework and as the work proceeds where it is impossible for the employer to identify individuals and record their earnings.
 [Since the original agreement was reached, DHSS have made clear that the simple notation of names and addresses will not necessarily make irregular casuals ineligible for this category.]
- (b) Those employed as regular casuals, perhaps moving from one casual job to another as the season proceeds where they are known to the employer and usually paid weekly.

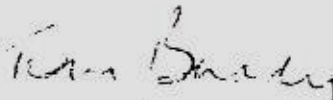
For workers in category (a) - broadly the irregular casuals - no National Insurance contributions will be sought under the terms of the agreement with the Department of Health and Social Security, but in the case of those in category (b) contributions should be paid in the normal way.

A further category for whom no National Insurance contributions are payable is where the workers are engaged as self-employed contractors and not under a contract of service. If in any doubt about the status of such workers, however, farmers and growers should consult the local office of the DHSS.

Local Advice

To reduce the risk of members being called upon to pay substantial amounts of arrears of tax and National Insurance, officials have continued to emphasise the importance of seeking advice in any case of doubt from the local offices of DHSS and the Inland Revenue.

Yours faithfully,



T. J. BRADY
Assistant Secretary