



HillierHopkins

Hillier Hopkins LLP
Chartered Accountants and Tax Advisers
hillierhopkins.co.uk

“friendly expertise”



VAT reverse charge on construction services Application to Employment Bureaux and Agencies

Employment businesses and agencies are not usually subject to the reverse charge if they are making supplies of staff. This applies even if they or their placements are registered for CIS. Under the reverse charge the term “employee” is more widely used than for other taxes and includes “agency worker”, “personal service company” (“PSC”), “contractor” etc. and should not be seen to only include the traditional definition of “employee”.

What are the indicators for employee under the reverse charge?

Below are the indicators that the person supplied by an employment agency or business is an employee and the supply is a supply of staff outside the reverse charge and VAT at the appropriate rate needs to be charged:

- the customer contacts the employment business or agency and asks for X workers for Y days;
- the workers are employed by or engaged under specific terms by the employment business or agency;
- the employment business or agency provides an hourly or daily rate for the workers;
- a timesheet is used to record the hours, shifts and days worked;
- the customer approves the signed timesheet agreeing the hours and days worked to the employment business or agency;
- the customer pays the employment business or agency;
- the customer’s site foreman or managers direct and control the works, in line with site procedures, carried out by the workers;
- the customer is responsible for the works carried out to the end client.

[Here](#) is a link to the HMRC technical guidance.

For a free initial consultation please contact:

Ruth Corkin
Director
+44(0)190 871 3860
ruth.corkin
@hhllp.co.uk

Liam Henry
Principal
+44(0)192 363 4416
liam.henry
@hhllp.co.uk

Offices

London
Milton Keynes
Watford

Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England & Wales.

This newsletter is written for general interest only and is not a substitute for consulting the relevant legislation or taking professional advice. The authors and the firm cannot accept any responsibility for loss arising from any person acting or refraining from acting on the basis of the material included herein