

**Please Note: This communication is for informative purposes and may not affect you**



HMRC continue to clamp down on non-compliance in the payroll and recruitment sectors and have recently made more head-way than previously.

They released Spotlight 45 to focus on all forms of tax avoidance offered by umbrella companies. This is potentially far wider reaching than the previous statements:

[Read the statement here](#)

We previously had Spotlight 42 which focussed specifically on Contractor loan schemes.

Spotlight 42: [Read Spotlight 42 here](#)

This was brought in to clamp down on Contractor loan schemes in the umbrella/payroll market.

## **So what is Spotlight 45?**

Spotlight 45 is shining the light on tax avoidance, it links to Spotlight 42 as Contractor loan schemes are included in this however they are taking a broader stance on by stating anyone paid in any 'tax efficient way' is essentially breaking the law.

## **What do I need to look out for?**

These arrangements work in different ways, but the payroll providers that offer them claim they will help you keep more of your income and reduce your tax and NI contributions.

They will tell you that the payment is non-taxable because it doesn't count as income as it's a loan, credit, or something similar. HMRC are saying that these payments are actually no different to normal income, so tax and National Insurance contributions are payable. Using such a solution could lead to a hefty tax and NI bill at the end of the year.

## What do I need to do?

If you're not sure whether you are involved in this type of tax arrangement, you should get independent professional advice.

HMRC recommend that if you're involved in this type of arrangement, or have used one in the past, you should withdraw from it and [settle your tax affairs](#) with them.

We at Your World appreciate that this can be an extremely worrying situation for some people, and we are in discussion with an independent advisory firm who you could talk to. Further details to follow.

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