

Employment Status of Coaches

A Guide for Employers/Deployers
and Coaches



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Introduction

This document is intended for guidance only. It has been written with support from HM Revenue & Customs (HMRC). For further guidance and the most up-to-date information, please visit the HMRC website: www.hmrc.gov.uk

What do we mean by employment status?

The term 'employment status' refers to whether a worker is employed or self-employed. It is important to consider the employment status of your coaches. This will ensure that if they are employees, the correct amount of tax and National Insurance contributions are being deducted from their payments. Or, if they are deemed to be self-employed, the coaches are paying the relevant National Insurance and tax contributions themselves. If you don't get it right, you could end up having to pay extra tax, National Insurance, interest and possible penalties.

General principles of employment status

- Employment status is not a matter of choice.
- A coach can be both employed and self-employed at the same time. For example, a coach may be employed while working for one organisation, but be self-employed for similar work under different working arrangements at another organisation.
- Employment status is determined by the facts relating to the terms and conditions of the working relationship between the employer/deployer and coach (ie what happens in practice). In most cases, what happens in practice will be reflected in your contract with the coach. However, if a contract says a coach is self-employed and what actually happens in practice indicates otherwise, then the coach may be your employee.
- You do not have to work a set pattern, or a set number of days per week, to be considered employed.

Please note: The employment status of coaches is based on case law. The final opinion is not reached by adding up the number of factors pointing towards employment or self-employment. A number of principles have been established from previous court cases and it is these that are applied.

This Quick Guide aims to provide some further pointers that will help you determine the employment status of your coaches. Each case is different so it is always advisable to check with HMRC.

- The main way to do this is by using the Employment Status Indicator (ESI) tool. The ESI tool can be found on the HMRC website: www.hmrc.gov.uk/calcs/esi.htm
- If an opinion cannot be reached using the ESI tool, you will be given the contact details for an HMRC status officer who you will be able to discuss it with further.

Coaches' employment status checklist - for employers/deployers

Indications that a coach is your employee

As a general guide, a coach is likely to be an employee if most of the following statements apply:

- You can tell them what sessions to deliver, as well as how, where and when to do it.
- They are the coach expected to deliver the session.
- You can move the coach from session to session or school to school.
- They are contracted to work a set number of hours.
- They get a regular wage or salary, even if there is no work available.
- They have benefits such as paid leave or a pension as part of their contract.
- You pay them overtime or bonus payments.
- They manage any other coaches who work for you.
- You provide the coach with all the materials and equipment needed to carry out the sessions.

Indications that a coach is self-employed

Your coach is more likely to be self-employed if the following statements apply:

- They can hire another coach to deliver the session you've given them, or take on other coaches at their own expense.
- They can decide where to deliver sessions, as well as when and how to deliver the sessions you've given them.
- You pay them an agreed fixed price – it doesn't depend on how long the job takes to finish.
- The agreed fixed price includes the cost of them providing materials and equipment needed for the sessions.
- They can make a loss or a profit.

Even if none of the statements in the previous list applies, your coach could be considered to be self-employed if the following apply to them:

- They use their own money to buy equipment, and pay for transport, running costs etc.
- They are responsible for putting right any unsatisfactory work at their own expense.
- They provide the equipment needed to do their work (this would be on a deployment by deployment basis).

Remember, for a coach delivering in multiple settings, employment status could be different according to the terms and conditions in each setting. For example, the coach may buy equipment and pay for transport and running costs in one setting they coach in, but may have this provided in another setting. Therefore, it is important that employment status is considered on a case by case basis.

Coaches' employment status checklist - for coaches

Indications that you are an employee

You are likely to be considered an employee if most of the following statements apply to you:

- You are told what work to do, as well as how, where and when to do it.
- You are the only person expected to deliver the session.
- A deployer/employer can move you from session to session or school to school.
- You are contracted to work a set number of hours.
- You get a regular wage or salary, even if there is no work available.
- You have benefits such as paid leave or a pension as part of your contract.
- You are paid overtime or bonuses.
- You manage any other coaches who work for the deployer/employer.

Indications that you are a self-employed coach

You are likely to be self-employed if the following statements apply:

- You can hire another coach to deliver the session given to you, or take on other coaches at your own expense.
- You can decide where to deliver sessions, as well as when and how.
- You are paid an agreed fixed price – it doesn't depend on how long the job takes to finish.
- The agreed fixed price includes the cost of you providing materials and equipment.
- You can make a loss or a profit.

Even if none of the statements in the previous list apply, you are still likely to be self-employed if most of the following apply to you:

- You use your own money to buy equipment, and pay for transport, running costs etc.
- You are responsible for putting right any unsatisfactory work at your own expense.
- You provide the equipment needed to do the work.

Remember, if you are a coach delivering in multiple settings, your employment status could be different according to the terms and conditions in each setting. For example, you may pay for equipment, transport and running costs in one setting, but may have this provided in another setting. Therefore, it is important that your employment status is considered on a case by case basis.

Employment status of coaches and third-party organisations

When considering the employment status of coaches, it is important to remember there can often be a third-party organisation involved. For example, a coach may be working for, or providing a service to, a private coaching provider*. The private coaching provider could then deploy a coach into a local school.

In this instance, the relationship that matters for employment status is between the private coaching provider and the coach. HMRC would look at who is actually paying the coach. Therefore, the private coaching provider or coach should use the checklists on the previous pages to determine the correct employment status.

Figure 1 demonstrates how a third-party organisation can be involved.

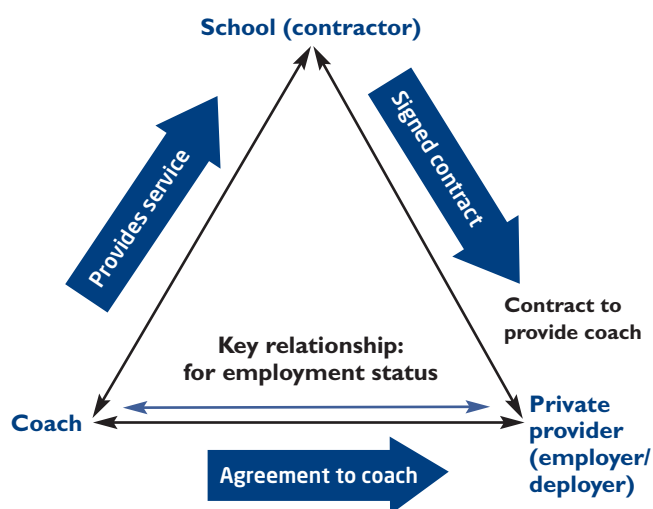


Figure 1: Third-party involvement

The same principles would apply to a local sports club, which may be providing a coach to deliver at a school. If the club is receiving money for a coach's service, but it is paying the coach directly, then, as above, it is the relationship between the club and the coach that would need to be looked at for employment status.

* The term 'private coaching provider' refers to a company or organisation, such as a coaching agency, that provides coaching and sports activity leaders, to coach in various settings; for example, a school or sports centre.

Next steps

If you require further guidance on the employment status of your coaches, don't forget you can use the ESI tool via the HMRC website (www.hmrc.gov.uk/calcs/esi.htm). If an opinion cannot be reached using the ESI tool, you will be given the contact details for an HMRC status officer who will be able to assist you further.

When you have used the ESI tool, it is advisable to print and keep a copy of the outcome on file for each coach and make a note of the reference number provided.

My coaches should be employed.

- If it turns out that your coach should be employed, you will need to provide them with a contract of employment and set them up under Pay As You Earn (PAYE). Further guidance on employing staff can be found on the HMRC website.
- If the coach is your first ever employee, then you will also have to register as an employer so that HMRC can set up a PAYE scheme for you and help you get started.

My coaches should be self-employed.

- Advise coaches to register as self-employed on the HMRC website.
- Issue a coach with a contract for service.
- It may be wise to get a signed document from the coach stating their employment status.

I am a coach and I think I should be employed.

- Ask your employer to clarify your status with HMRC using the ESI tool.
- If you are considered to be an employee, you should be issued with a contract of employment within two months of starting.

I am a coach and I think I should be self-employed.

- Remember it is not a matter of choice. Ask your employer to clarify your status with HMRC using the ESI tool.
- Register online for self-assessment via the following link: www.hmrc.gov.uk/sa
- As a self-employed coach, you will be responsible for any delivery and, as such, should ensure you have your own appropriate insurance cover.