

# Employing People: What you need to know



**Farm  
Advisory  
Service**

**National Advice Hub**  
T: 0300 323 0161  
E: [advice@fas.scot](mailto:advice@fas.scot)  
W: [www.fas.scot](http://www.fas.scot)

**Employing People in agriculture is becoming an increasingly complex situation. Whilst self – employed contractors are an excellent way of providing valuable extra resources at busy times HMRC are starting to look more closely at the many self-employed contractors working on farms and investigating if it is valid to define them as self-employed.**

If HMRC deem a 'self-employed' contractor to have been wrongly categorised and is actually meeting all of the criteria of an employee, then the farmer could receive a significant bill for unpaid tax and national insurance – potentially also with penalties.

To avoid this situation arising, there are a number of ways to assess the employment status of the labour on your farm:

**Control** - a self-employed person tends to decide when and how a task is performed whereas an employee will be more closely supervised and more likely to be given instructions by the employer.

**Obligation** - Do you have an employee who is obliged to turn up each day and the farmer is obliged to find work for them? Or is there no obligation for an employer to find work and no obligation for a worker to accept all offers, fitting much more with a self-employed contractor?

**Payment** - Employees would tend to be paid at fixed intervals whereas a self-employed person is entirely responsible for raising invoices for work completed in order to instigate payment.

**Equipment** - Are most of the major pieces of equipment to perform their job being provided by the worker, meeting the criteria of self-employed contractors or is the employee just bringing themselves and using the equipment that is already on farm?

**Substitution** - If the worker could send a suitably qualified replacement to do the work then this indicates much more towards a self-employed contractor.

If the above has made you realise that you have a worker that should be going through the books then below are a few handy tips for getting started.

1. You can register as an employer online using your existing Government Gateway ID.
2. Employers' liability insurance should be set up as soon as you become an employer. It must cover at least £5 million for compensation for injury and illness related to work they carry out for you. This applies even if your labour is a family friend, neighbour or even a family member in some cases.
3. It is vital for the sake of both the employer and employee, that employment contracts are in place within 2 months of an employee starting working with you. There are key things that this should include such as rate of pay; hours of work, holiday entitlement and notice period.

A huge number of resources on this topic can be found on our website including

- practical step by step guides on various topics
- videos on the key steps to employing people and wages & benefits
- templates for employment contracts, timesheets and more
- links to numerous handy web pages and electronic documents

**We've got more information about employing people in agriculture on our website. We've also got two webinars coming up that you can watch and ask questions from the comfort of your own home. For details of these webinars or any of our employing people tools, visit: [www.fas.scot/rural-business/business-tools/employing-people](http://www.fas.scot/rural-business/business-tools/employing-people)**

Date	Webinar subject
10th March, 12-1pm	Employing People: Who should be employed and how to employ them
17th March, 12-1pm	Employing People: The essentials for employers

If you need more advice on employing people or on any other topic, the Farm Advisory Service has a range of support and help available:

## Advice line

For free telephone advice on a wide variety of topics including cross compliance, water framework directive requirements, climate change and other technical issues call us on 0300 323 0161 or email [advice@fas.scot](mailto:advice@fas.scot). The advice line operates between 9am and 5pm Monday to Friday.

## Bespoke Advice and Grants

FAS can also help you to increase the profitability and sustainability of your farming business through Scottish Government grants including Integrated Land Management Plans (ILMPs) – worth up to £1,200. The ILMP will identify opportunities and cost savings for your business, based on an independent and confidential assessment of your business by an experienced farm business adviser of your choosing. As part of your plan you can choose to benefit from up to two further specialist advice plans.

## Online

Our website contains articles, videos and much more at [www.fas.scot](http://www.fas.scot)

Scotland's Farm Advisory Service (FAS) is part of the Scottish Rural Development Programme (SRDP) which is co-funded by the EU and Scottish Government, providing information and resources aimed at increasing the profitability and sustainability of farms and crofts.

Grant support, a full programme of events, a subscription service for crofts and small farms, and a range of articles and publications form the core of this service which is designed to provide integrated advice for farmers and crofters across Scotland.



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