

1. Home (<https://www.gov.uk/>)
2. Money (<https://www.gov.uk/money>)
3. Dealing with HMRC (<https://www.gov.uk/money/dealing-with-hmrc>)
4. Tax avoidance (<https://www.gov.uk/money/tax-avoidance>)

Guidance

Tax avoidance promoters targeting returning NHS workers (Spotlight 54)

Find out about the tax avoidance schemes being used to target workers returning to the NHS to help respond to the coronavirus (COVID-19) outbreak.

Published 30 March 2020

From:

HM Revenue & Customs (<https://www.gov.uk/government/organisations/hm-revenue-customs>)

Contents

- What these tax avoidance schemes look like
- What to do if you think you're already using this type of scheme
- Other workers in the health service

HMRC is aware that unscrupulous promoters of tax avoidance schemes are targeting workers returning to the National Health Service ([NHS](#)) to help respond to the coronavirus (COVID-19) outbreak.

If you are returning to work for the [NHS](#), HMRC is warning you to be very careful not to sign up to these schemes, which HMRC considers to be tax avoidance.

What these tax avoidance schemes look like

The schemes being offered all have some common features (including using an umbrella company) although they may be described differently. Usually, the wages will consist of 2 payments to you:

- the first payment is declared as earnings and will go through the umbrella company payroll, often at around National Minimum Wage levels or a flat rate payment for example, £100 per week
- the second payment, that the umbrella company will claim is not taxable - this payment may be described as a loan, annuity, shares, a capital advance involving mutual, joint or co-ownership, or a payment derived from a revolving line of credit facility, or some other non-taxable form

All of these schemes have one thing in common and that is to attempt to disguise the true level of your earnings, which would ordinarily be subject to Income Tax and National Insurance contributions.

Some umbrella companies may offer vague explanations of how the schemes work, for example, using your personal allowance more efficiently, and often claiming that you can take home 80% to 85% of your pay.

The pay slips provided by the umbrella company may also be misleading, they may show one or both of the following:

- the first payment only
- inaccurate deductions

If you are asked to sign documents other than your contract of employment, you should think very carefully before signing up. You should challenge the position if you are asked to sign separate agreements to receive loans, advances, shares, annuities or anything else not relevant to your work. Even if you don't realise it, these schemes are very likely to involve tax avoidance and you could end up owing tax and interest, as well as incurring the fees paid to the umbrella company.

HMRC advice to you if you think you're being offered this type of scheme is to:

- check how much tax you would normally have to pay on your income by using HMRC's online tax calculator (<https://www.gov.uk/guidance/hmrc-tools-and-calculators>) - the calculator will work out what your net take home pay should be after Income Tax and National Insurance contributions
- ask the person who is offering you the arrangement for a breakdown of the deductions being made so you can see the amounts you are being charged for example, what the fees relate to and check whether tax and National Insurance contributions have been deducted
- compare the figures to see if the scheme you have been offered is legitimate and compliant

HMRC has already published warnings about similar schemes. Spotlight 53 and other earlier Spotlights give more detail how some of these schemes claim to work (<https://www.gov.uk/government/collections/tax-avoidance-schemes-currently-in-the-spotlight-number-20-onwards>).

Spotlight 45 also describes what to look out for in umbrella companies offering schemes that are tax avoidance.

Further guidance for contractors and agency workers (<https://www.gov.uk/guidance/tax-avoidance-schemes-aimed-at-contractors-and-agency-workers>).

What to do if you think you're already using this type of scheme

If you're using one of these schemes, HMRC strongly advises you to leave it as early as possible and settle your tax affairs.

If you think you have just signed up to one of these schemes, you should email CA.CLscot@hmrc.gov.uk as soon as possible.

Other workers in the health service

If you become aware of the marketing or promotion of these types of schemes, contact HMRC (<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/customs-excise-and-vat-fraud-reporting>).

If you're already speaking to someone in HMRC about the use of an avoidance scheme, get in touch with them.

You can settle your tax affairs (<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/tax-avoidance-getting-out-of-an-avoidance-scheme>) if you do not have an HMRC contact and you're in a tax avoidance scheme and want to leave.

Find out more about how to identify tax avoidance schemes (<https://www.gov.uk/guidance/tax-avoidance-an-introduction#how-to-identify-tax-avoidance-schemes>).

Published 30 March 2020

Related content

Collection

- Tax avoidance schemes currently in the spotlight (number 20 onwards)
(<https://www.gov.uk/government/collections/tax-avoidance-schemes-currently-in-the-spotlight-number-20-onwards>)

Explore the topic

- Tax avoidance (<https://www.gov.uk/topic/dealing-with-hmrc/tax-avoidance>)