

Road Haulage Association's Information Campaign Factsheet to prevent abuse of bogus self-employment, UK

Title of the policy or measure (in English)	Road Haulage Association's information campaign factsheet to prevent abuse of bogus self-employment
• Country	UK
• Date of publication	January 2019
• Sectors	Transport and storage
• What groups are targeted by the measure	<ul style="list-style-type: none"> - Employers - road haulage companies / 'engagers' - Workers/drivers
• Purpose of measure	Changing attitudes: commitment to tax morality
• Short sentence summarising the measure	The Road Haulage Association (RHA) cooperated with the HM Revenue and Customs (HMRC) to develop an information factsheet about self-employment for RHA members. The measure aimed to inform road haulage companies and drivers about the circumstances in which self-employment is legal.
Background	
• Background context driving the implementation of the measure	<p>Within the UK, intermediary organisations pay lorry drivers using payments received from clients – in most cases transport companies. This means that clients can save on National Insurance and taxes by illegally claiming the driver is self-employedⁱ. If the drivers were paid directly, they would be employees of the client.</p> <p>Many heavy goods vehicle (HGV) drivers are wrongly informed that they can set up a limited company or be classed as self-employed. By registering as self-employed, drivers are able to claim expenses when traveling to 'jobs' and can pay different levels of tax.</p> <p>The Road Haulage Association (RHA) developed and published a factsheet in conjunction with HMRC which included all of the key facts that industry members need to know in relation to the rules regarding self-employment in the road haulage sector. The campaign aspect relates to the strategic approach to promoting this through various channels (email, newsletter, RHA 'Roadway Live' app) to their members and wider stakeholders.</p> <p>There are two legislative measures linked to this issue:</p> <ul style="list-style-type: none"> - The Employment Rights Act (ERA) 1996 (section 230) defines the status of Workers and Employees. In both cases, the terms refer to an individual that works under a contract of employment or where they have any other type of contract 'whereby the individual undertakes to do or perform personally any work or services for another party to the contract whose status is not by virtue of the contract that of a client or customer of any profession or business undertaking carried on by the individual'ⁱⁱ. - Off Payroll Working through an Intermediary IR35 is the UK's legislation designed to tax disguised employmentⁱⁱⁱ. If the Off Payroll Working rules are not adhered to, HMRC can charge interest and penalties on any income tax or National Insurance contributions owed. The penalties are more severe if the rules have been deliberately ignored^{iv}.

<ul style="list-style-type: none"> When was the measure implemented? (including start date and end date/ongoing) 	<ul style="list-style-type: none"> 2016 – ongoing <p>The Campaign was implemented following tax audits undertaken by HMRC in 2016 which alerted the RHA to illegal practices in relation to the recruitment of drivers. The information provided through the email campaign is ongoing.</p>
<ul style="list-style-type: none"> Names(s) of authorities/bodies/organisations involved 	<ul style="list-style-type: none"> Road Haulage Association HMRC
<ul style="list-style-type: none"> Scope of the measure (a pilot project, nationwide, regional wide) 	<p>Nationwide. The RHA has over 7 200 members that operate over 250 000 vehicles.</p>
<p>Information campaign</p>	
<ul style="list-style-type: none"> Key objectives of the measure 	<p>General objectives:</p> <ul style="list-style-type: none"> To develop an information factsheet about self-employment for RHA members. <p>Specific objectives:</p> <ul style="list-style-type: none"> To ensure HGV drivers are aware of the circumstances in which self-employment is acceptable and where it is deemed unacceptable. <p>A longer-term effect is expected to be a reduction in the number of organisations who are involved in illegal practices in relation to the recruitment of drivers.</p>
<p>Specific measure</p>	
<ul style="list-style-type: none"> Description of how the measure operates in practice 	<p>The information campaign involved the development of a factsheet, a direct approach to members and advisory services, which signposted readers to a self-employment test for drivers to check their employment status (developed by HMRC).</p>
<ul style="list-style-type: none"> What resources and other relevant organisational aspects are involved? 	<p>HMRC developed an online test that enables individuals to check their employment status (www.gov.uk/guidance/check-employment-status-for-tax). The RHA developed an information factsheet supported by HMRC (www.rha.uk.net/getmedia/441e6565-e1aa-4a6d-8529-c564ff818eb7/RHA-Self-Employment-Factsheet.pdf.aspx). Through an app, the RHA also provide a reporting process for operators or other members who wish to report a rogue operator or individual.</p>
<ul style="list-style-type: none"> What are the source(s) of funding? 	<p>The information sheet was developed internally by the RHA – no additional sources of funding were required to fund the development of the information sheet/email.</p> <p>The information sheet is regularly shared as part of the RHA email/Roadway Live App, and therefore requires minimal funding to distribute.</p>
<p>Evaluation and outcome</p>	
<ul style="list-style-type: none"> Has the measure achieved its objectives? 	<p>The objective to promote information to the members is continuing to be achieved – the factsheet and other related information has been regularly distributed since 2016 via the RHA weekly email to its 7 200 members, and promoted via the Roadway Live app.</p> <p>In terms of its longer-term effect, data from the Office for National Statistics (ONS) on self-employment by industry indicated that there was a slight decline in self-employment between June 2017 and December 2017 in the land transport and transport via pipelines (the SIC code that covers road haulage) ^v. This could suggest that awareness is increasing of self-employment legislation in the road haulage sector.</p> <p>The campaign has informed businesses of the rules surrounding self-employment, and the RHA report that there has been an increase in the</p>

	number of operators in breach of legislation being taken to court and prosecuted.
<ul style="list-style-type: none"> Assessment method (including indicators used to measure its impact), and the outputs and outcomes achieved 	<ul style="list-style-type: none"> Following the information campaign, members of the RHA provided various leads to HMRC who are taking enforcement action against them. There is a reporting process for operators and other members to report an operator or individual they suspect may be working illegally. HGV Drivers have had to repay tax to HMRC – businesses and individuals are required to pay back tax owed, interest and fines when they are caught.
<ul style="list-style-type: none"> What are lessons learnt and the key conditions for success? 	<p>Lessons learnt and success factors include the following:</p> <ul style="list-style-type: none"> The initiative has prompted HMRC to explore other issues in the sector such as Off Payroll working. Other possibilities for improvement, including possible changes to responsibilities for checking employment status, are being explored. Good partnership working with the main body responsible for implementation of the legislation is important for the success of the scheme.
<ul style="list-style-type: none"> Level of transferability (e.g. other countries/groups/sectors) 	<p>Transferability to other countries would be dependent on the legislation they have on the definition of self-employment.</p> <p>The information provided as a result of the scheme was developed so that it was easy to read, understand and apply to the readers own context and employment situation. If a similar scheme was to be developed for other employment sectors, the information would need to be contextualised to the sector.</p> <p>The Road Haulage Association also worked in collaboration with HMRC in the UK to ensure the information being providing to the sector was factually correct. To develop a similar scheme in other countries or sectors, a similar approach should be adopted.</p>
Additional information	
<ul style="list-style-type: none"> Contacts 	<p>Colin Snape, Deputy Policy Director, Road Haulage Association Email address: c.snape@rha.uk.net Telephone: 07775530011</p>
<ul style="list-style-type: none"> Useful sources and resources 	<p>About Road Haulage Factsheet: Self Employment (https://www.rha.uk.net/getmedia/441e6565-e1aa-4a6d-8529-c564ff818eb7/RHA-Self-Employment-Factsheet.pdf.aspx) HMRC employment status checking tool: https://www.gov.uk/guidance/check-employment-status-for-tax The Employment Rights Act (ERA) 1996: https://www.legislation.gov.uk/ukpga/1996/18/contents Off Payment Working through an Intermediary (IR35): https://www.gov.uk/guidance/ir35-find-out-if-it-applies</p>
<ul style="list-style-type: none"> Metadata and key words for online search 	<p>UK; Road Haulage Association; RHA; HMRC; self-employment; bogus self-employment; disguised employment; HGV drivers</p>

ⁱ Haidinger, B. (2018). 'Tackling Undeclared Work in the Road Transport Industry'. European Platform Undeclared Work. Available at <http://ec.europa.eu/social/BlobServlet?docId=19913&langId=en>.

ⁱⁱ Employment Rights Act 1996; available at <https://www.legislation.gov.uk/ukpga/1996/18/section/230>

ⁱⁱⁱ <https://www.gov.uk/guidance/ir35-find-out-if-it-applies>

^{iv} Off Payroll Working through an intermediary (IR35), available at: <https://www.gov.uk/guidance/ir35-find-out-if-it-applies>

^v Office for National Statistics, (2018). *'EMP14: Employees and self-employed by industry'*. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employeesandselfemployedbyindustryemp14>