**Guidelines for payments being made to a Personal Service Company (PSC)**

The University is required to assess all payments for services and all payments in the nature of employment for tax liability.

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**Diagram:**

Does the invoice come from a Limited Company or other corporate body? (see Note 1 below)

- Yes: Is the invoice for goods?
  - Yes: Do not deduct tax or NI. Process the invoice using the Accounts Payable process.
  - No: Is the invoice from a PSC? (see definition in Note 2)
    - Yes: Is the work 1) commissioned abroad 2) to a non-UK resident and 3) discharged wholly outside of the UK? (If only one of these three does not apply answer No)
      - Yes: Use the HMRC CEST tool to determine the employment status of the contractor.
      - No: Employee status: Ask your HR colleagues to set the PSC up on CoreHR, send the invoice to the Payroll team in Central Finance for processing according to the payroll cycle.
    - No: Non-Employee status: Notify the Purchasing team for appropriate set up on Oracle, send the invoice with CEST test outcome to the AP team in Central Finance.
  - No: Inconclusive outcome: please contact HMRC directly to ask their opinion. See note 3.

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**Notes:**

1. Limited company, or other corporate body, invoices must contain the company name and be for payment to a company bank account. Ideally the invoice will also include a company registration number and/or a VAT registration number. If you are in any doubt process the invoice as if it comes from an individual.

2. The generally accepted definition of a Personal Service Company (PSC) is a limited company that typically has a sole director, the contractor, who owns most or all of the shares. The contractor’s PSC generally supplies professional services to end user clients, either directly or via an agency. The professional services are delivered by the contractor who is also the owner and director of the business.

3. If the result relates to a visiting lecturer/trainer please refer to our website for more information.

4. Contractors hired through a foreign PSC may be affected by the Intermediaries legislation. There may also be fiscal implications abroad for which we invite administrators to contact the Payroll Manager.

See HMRC’s website for reference

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Please sign and date below to certify that you have verified all the answers above.

Signed & Print Name

Date

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IF IN DOUBT REFER TO HEAD OF PAYROLL FOR FURTHER ADVICE