



CAN A NANNY BE SELF-EMPLOYED?



ALL THE INFORMATION AND ADVICE CONTAINED IN THIS RESOURCE ARE MEANT AS GUIDANCE ONLY

Disclaimer: In the majority of cases, nannies cannot be classed as self-employed by HMRC for tax purposes, as their role takes place in the employer's home and they offer a tailored service to suit each family's needs.

If you are employing a nanny, they say they are self-employed, and you want to employ them on that basis, you must check with HMRC. If errors arise with declaring the correct tax, the family will be liable and subject to heavy fines from HMRC; the family will need to pay any tax and NI that hasn't been reported as well as any penalties on top of this.

Tinies disclaims all liability if you decide to employ your nanny on a self-employed basis.

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Parents often think that if a nanny is working for more than one family, then the nanny can be self-employed, but this is mostly not the case.

Whether someone is employed or self-employed depends on the terms and conditions of their work. It is important that the family is absolutely certain whether their nanny is employed or self-employed.

HOW TO DETERMINE EMPLOYMENT STATUS

A worker is probably considered employed if they:

- Have to do the work themselves.
- Can be told at any time what to do, where to carry out the work or when and how to do it.
- Work a set amount of hours.
- Can be moved from task to task.
- Are paid by the hour, week or month.
- Can be paid overtime or receive bonus payments.

A worker is probably considered self-employed if they:

- Can hire someone else to do their work or engage helpers at their own expense.
- Risk their own money.
- Provide the main items of equipment needed to do their job, not just the small tools that many employees provide for themselves.
- Agree to do a job for a fixed price regardless of how long the job may take.
- Can decide what work to do, how and when to do the work and where to provide the services.
- Regularly work for a number of people.
- Have to correct unsatisfactory work in their own time, and at their own expense.

** Please note that these lists are not exhaustive.*

For more information please visit: www.hmrc.gov.uk/calcs/esi.htm

However in some cases HMRC do grant nannies self-employment status. It's very important to remember that if a family takes on a nanny who was previously self-employed they should contact HMRC and request confirmation in writing that the nanny's self-employed status still applies in the new position.

Transfer of self-employment status between jobs is not automatic, and each situation should be considered individually. This is the employer's responsibility, and if they do not receive written confirmation from the Revenue and it later comes to light that nanny is not self-employed - then it's the employer, not the nanny, who will be pursued for unpaid taxes. And in the eyes of the law it is a criminal offence not to declare an employee and pay tax and NI contributions on their behalf.

THE EXCEPTION TO THE RULE

It's clear to see that in most cases nannies do not meet HMRC's criteria for self-employment. However, the childcarers that normally do are maternity nurses and childminders.