

We make light work of your nanny payroll



FEATHER
PAYROLL SOLUTIONS

Employing a nanny: Can a nanny be self-employed



Can a nanny be self-employed?

The short answer is 'no'

Why would a nanny want to be self-employed?

A nanny may wish to try and avoid paying tax liabilities and National Insurance contributions that would be due as an employee. Similarly, employers may see self-employment as an option to reduce their costs by not having the responsibility of employee tax, National Insurance and employer National Insurance contributions.



Why can't a nanny be self-employed?

Under current HMRC guidelines a nanny cannot be self-employed unless they have three or more jobs and even then, they frown upon it as it breaches IR35 employment rules. The main difference between employed and self-employed individuals comes down to what, where, who, when and how.

For someone who is employed the employer is dictating what work needs to be carried out, where and when this work is to be done, who will perform the duties and how much the individual will be paid.

For someone who is self-employed they are essentially in control of what work will be done, where and when it will be carried out, who will perform the work and how much the work will cost.

It is therefore the case that nannies are not able to work on a self-employed basis as the nature of the work being carried out is tailored to the unique needs of the family requesting it. HMRC stipulate that nannies need to be granted approval from HMRC directly to work on a self-employed basis. HMRC offer a tool that can be used to check employment status for tax ([click here](#)).

How to determine employment status

From a legal position there are three main areas that are considered in determining employment status, based on the parameters of these areas the position of a nanny constitutes 'employed' status:

1. **Control:** The family are in control of the number of hours work, the duties of the role, the salary that will be provided and where the work is to be conducted.
2. **Substitution:** The family would not accept the individual sending a replacement person if they were not able to work.
3. **Obligation:** The family/individual have entered an agreement whereby the family are obliged to pay the individual and the individual is obliged to carry out the duties set out.

Disadvantages to the employer of a self-employed nanny

There are significant risks for both the family and the individual should they choose self-employed status. Primarily, if any errors are made in reporting tax liabilities to HMRC the family (not the nanny) will be held accountable. This would result in repayment of any outstanding tax and NI as well as additional penalties.

Disadvantages of being a self-employed nanny

There are significant disadvantages for a nanny to operate on self-employed status, namely employment rights such as holiday, sick pay and maternity pay, plus there is no opportunity to be enrolled into a workplace pension, should they be eligible.



PAYE for nannies

From a payroll perspective you have to register for PAYE if an employee is earning more than £120 per week. National Insurance deductions are made on earnings over £184 per week and tax deductions are made on earnings over £240 per week for an individual on a normal tax code (although this can vary based on the employee's specific employment situation and tax liabilities).

Other domestic staff

Whilst this information is related to nannies, it is also relevant to all domestic staff such as housekeepers, cleaners and PAs etc.



How we can help

Feather Payroll Solutions offer outsourced payroll services to small businesses and families who employ nannies or housekeepers in their homes.

We offer a full-service package to employers when taking on a new starter. This includes calculating salary, assessing workplace pension eligibility, through to running your monthly or weekly payroll and issuing payslips. We act as your agent with HMRC, so can help with any queries that arise and ensure you know what you need to pay who and when.

If you are looking to start using a payroll provider for your business or family or are unhappy with your current payroll service get in touch to see how our great value packages work for you.