


PAYE and National Insurance for lecturers, teachers, instructors or those in a similar capacity



Most lecturers and teachers are employees of an educational establishment. They, of course, need to be paid through the payroll and their salaries are subject to PAYE and National Insurance.

In some instances, however, the lecturer and teacher may be treated as self-employed. Care is needed here, as who in your view may be a self-employed person may not necessarily be the same as that in HMRC's! In that case, the educational establishment could find itself subject to back PAYE, National Insurance, interest and penalties.

Assuming the person is self-employed, the position is as follows:

- i. The educational establishment does not deduct PAYE but the individual accounts for income tax through his personal self-assessment tax return.
- ii. Educational establishments still, however, often need to account for National Insurance, as there are special rules for self-employed teachers, lecturers and

instructors. This applies to lecturers, teachers, instructors or others in a similar capacity providing education in an educational establishment

An educational establishment is defined as:

- a place where instruction is given and designed to lead to a certificate, diploma, degree or professional qualification; or
- a place where instruction is given at a course which is similar to the above but which is not designed to lead to such a certificate, diploma, degree or professional qualification.

HMRC's view is that the regulations apply to academic tuition delivered both in academic buildings and more widely, and to certain vocational training delivered both in an academic building and more widely. The extent to which the regulations apply to vocational training depends on the precise nature of the tuition delivered. Recent case law has made the position on what vocational training falls into the regulation unclear.

HMRC's response was to issue a consultation document. Their potential solutions are:

- Do nothing. This leaves the uncertainty;
- Extend the regulations to all vocational training. There is no desire for this;
- Amend the regulations to apply only to traditional education but what is "traditional education"?
- Repeal the regulations. This is the alternative most likely to be taken up by HMRC.

Assuming these regulations are repealed, then this will mean Class1 NIC will no longer need to be paid for self-employed teachers. Instead, the individuals will need themselves to account for Class 2 and Class 4 National Insurance. However, these do not carry the same entitlement to additional state pension or to Contribution-based Jobseekers Allowance.

Contact us

Neil Finlayson, Partner
Anjali Kothari, Partner

Telephone +44 (0)20 7566 4000
Fax +44 (0)20 7566 4010
Email ks@kingston-smith.co.uk
Web www.kingston-smith.co.uk

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