

1. Payments to Individuals

The University is required to make payments for services provided by individuals rather than by companies, partnerships and sole traders etc. There are a variety of HM Revenue & Customs (HMRC) regulations and requirements that the University must adhere to in making such payments. This guide deals with the different transaction types and provides details on how to process payments.

Background

HMRC regulations require that the University must provide details of payments made to individuals on an annual return. The information is used to ensure that the University and where necessary, the individual are declaring payments correctly. In addition there are specific rules to determine whether visiting lecturers etc. should be regarded as employed and taxed on payments at source or if the individual is regarded as self-employed and is responsible for their own tax affairs. These rules are complex and look at factors including the type and frequency of the service delivered and the country of residence of the individual providing the service.

It is the school/section's responsibility to gather the information required to ensure that the University complies with UK tax legislation. The relationship between an individual and the University may change over time. For example, someone who has previously been engaged by the University as a translator may be asked to teach a short course, for tax purposes the individual would become an employee and PAYE and national insurance deductions would apply to their payments. Failure to comply will result in the University suffering penalties. As a result, should an individual be asked to perform any duties other than their original task, the school/section must check whether the relationship has altered, this may require the individual to complete a further employment status questionnaire.

Types of Transaction

There are a number of different types of payment that can be made to individuals; this guidance provides details on how to process the most common payment requests.

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For guidance on any other type of payment to individuals please contact the Financial Accounting section by email to s.denton@abdn.ac.uk

Guidance on the set up and payment of suppliers such as companies, partnerships and sole traders can be provided by [Procurement](#)

2. Visiting Speakers & Lecturers

Requirements

The employment status of those visiting the University as speakers or lecturers must be established before payment can be processed. A flowchart is provided below to help determine whether a visiting speaker or lecturer is an employee (the University is responsible for deducting tax) or self-employed (individual responsible for declaring income to the relevant tax authority). If the individual is deemed self-employed payment can be processed through Accounts Payable, if they are deemed an employee payment should be processed through HR/Payroll.

The Forms

There are two forms for the payment of visiting lectures and speakers, the Visiting Speaker & Lecturer Set Up form and the Payment Request form.

The Visiting Speaker & Lecturer Setup Form must be completed for those individuals who have not previously visited the University; this is required so that a supplier account can be set up in the finance system if the individual is deemed self-employed. The individual should complete the Employment Status Declaration and Payment Details section of the form. The University Contact Details section of the form should be completed by the school/section. The form should be sent to Financial Accounting who will review the details and confirm the employment status. The completed form will be returned to the School/Section to process as appropriate.

The second form is the Visiting Speaker & Lecturer Payment Request form which includes the details of the school making payment, the activities undertaken and the amount to be paid including both the fee and any expenses incurred.

The Procedure

- a. Check to see whether the individual has been previously set up in the finance system. If a supplier account already exists, complete the Visiting Speaker & Lecturer Payment Request form as in step (i) below.
- b. If a new set up is required, ask the individual to complete the Employment Status Declaration and Payment Details sections of the Visiting Speaker & Lecturer Setup Form and sign the declaration.
- c. Use the Visiting Speakers & Lecturers Employment Status Flowchart (below) to decide whether the individual is an employee or self-employed (supplier).
- d. If the individual is deemed an employee the payment must be processed as a Temporary Service. The school/section should check with Payroll as to whether the individual is set up in the payroll system. If not Form TA1 should be completed and sent to Payroll (and a copy sent to Human Resources). Form TA1TS should be completed and sent to Payroll when the individual has completed their employment. Full instructions can be found on the HR website for [Temporary Services Appointment](#).
- e. If the individual is deemed self-employed (a supplier) the school/section should complete the University of Aberdeen Contact Details section of the set up form.
- f. The completed Visiting Speaker & Lecturer Setup Form should be sent for approval to Financial Accounting in the Finance Section, University Office.
- g. Financial Accounting will confirm the self-employed status of the individual. If a supplier set up is required Financial Accounting will authorise the form and return a copy to the school/section. Should Financial Accounting reject the self-employed status of the individual, the form will also be returned to the school/section, payment in this case should be processed on the appropriate temporary services forms.
- h. A supplier account setup should be requested in the Finance System in the usual way with a scanned copy of the Visiting Speaker & Lecturers Setup Form being attached to the request in place of the standard supplier setup form. The form should also be used if participants' details require amending e.g. new bank account details or a change of address.
- i. When the supplier account set up is complete the school/section should complete the Visiting Speaker & Lecturers Payment Request form and raise a purchase order on the Finance System.

The completed form along with any back up documentation should be sent to Accounts Payable for processing.

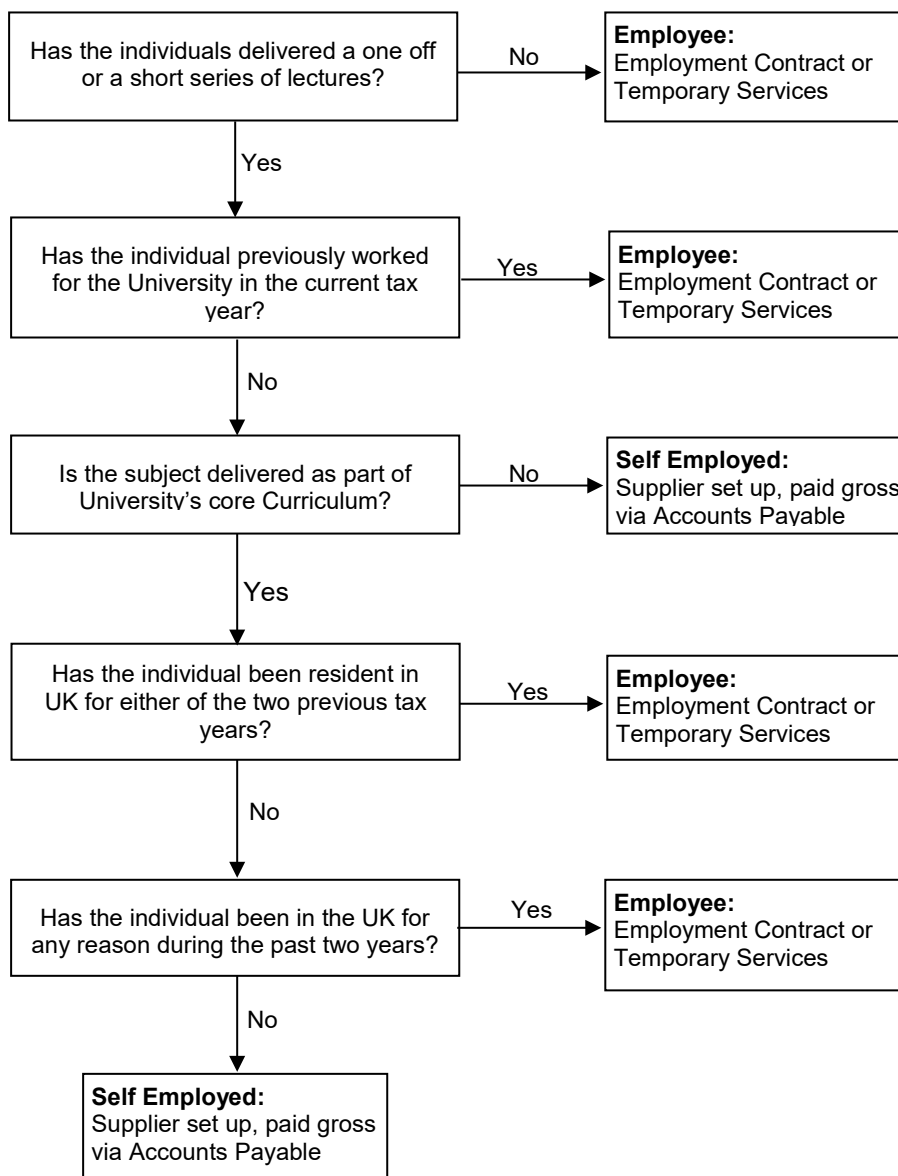
Summary

- Check whether the individual has been set up in the finance system.
- If not, complete a Visiting Speaker & Lecturer Setup Form and send to Financial Accounting.
- If the individual is deemed self-employed request a supplier account to be set up, complete the Payment Request Form, raise a purchase order in the finance system and forward the completed form to Accounts Payable
- If the individual is deemed to be an employee complete the Temporary Services forms.

Forms

- [Visiting Speaker & Lecturer Set Up Form](#)
- [Visiting Speaker & Lecturer Payment Request Form](#)
- [Temporary Services Form TA1](#)

Visiting Lecturers & Speakers Employment Status Flowchart



Please complete the following form depending on the advice provided from the chart:

Employee: Complete forms TA1 and TA1TS (refer to HR policy for employing temporary staff) and the employment status declaration

Self Employed: Complete the Payment Request Form – Visiting Speaker/ Lecturer.

3. Research Volunteers

Background

Under HMRC guidelines, payments to individuals for participating in research studies as research volunteers can be processed without deduction of tax and national insurance. If the individual is also an employee of the University the exemption only applies if “the participation in the research is not part of their duties of employment and they do it in their own time and are under no obligation to take part”. If an employee participates in a trial during their normal working hours this will be considered part of their duties therefore no additional payment should be made. Should any payment be in excess of the actual expenses incurred in participating in a trial, please ensure that the individual is made aware that it is their responsibility (including University employees) to declare this income to HMRC such that it is subject to appropriate deductions.

Payment can be made in a number of ways:

- payments to companies by bank transfer
- payments to individuals over £50 by bank transfer
- payments to individuals up to and including £50 by cash or voucher
- as a prize up to the value of £150 in vouchers (subject to certain conditions)

Payments to companies

In some instances companies or other external organisations may participate in research studies. In these instances the company should be paid in the usual way i.e. by processing a purchase order and submitting an invoice. The company will have to be set up as a supplier on the finance system. This should be done using the normal supplier set up form. The guidance to set up a company as a supplier can be found on the [Procurement](#) web pages.

Payments to individuals over £50

Payments greater than £50 to participants should be processed using a purchase order within the finance system and requires that each individual has a supplier account.

If the participant does not have a supplier account the volunteer should complete the Self Employed Supplier Setup & Amendment Form. A supplier account setup should be requested in the Finance System in the usual way with a scanned copy of the form being attached to the request in place of the standard supplier set up form Supplier Set Up Form. This can be processed prior to the participant undertaking his/her duties. The form should also be used if participants' details require amending e.g. new bank account details or a change of address.

(Note: for participants who are also employees of the University a supplier account must be set up. This is different to the account set up with their staff identification number used for processing employment related expenses.)

When the participant has completed his/her duties, the Research Volunteer Payment Request Form should be completed. A purchase order should be raised on the finance system as normal. The completed form quoting the purchase order number should be sent to Accounts Payable for processing.

Cash Payments to individuals to a maximum of £50

It is recognised that processing small value payments to individuals through the finance system is excessive and may not be attractive to potential participants of studies. As a result it is possible to pay small amounts (to a maximum of £50) direct to the individual in cash.

To obtain cash for small value payments to research volunteers, the Cash Request - Volunteer Payments form must be completed, authorised and brought to the Cash Office, University Office for the collection of cash (for amounts in excess of £500 or if specific denominations are required, the Income & Credit Control Section will require 5 working days notice).

The Income & Credit Control Section will issue cash providing that the form has been completed correctly and signed by an authorised signatory. To ensure that schools/sections do not hold large amounts of cash, this should be collected as close to the date the cash is required as possible. The value of the cash issued will be charged to the sub project code provided on the request form.

On payment to the volunteer/participant (maximum of £50 cash) the Receipt – Volunteer Payments form must be completed and signed by the recipient. Within two weeks of distributing cash to participants, all completed receipts and any unused cash must be returned to the Income & Credit Control Section along with the Cash & Receipts Returned Form. Unused cash balances will be refunded to the original ledger charge.

The completed receipts will be retained by the Income & Credit Control Section as proof of expenditure for HMRC and audit purposes. Receipts will be checked against the original payment to ensure that all payments

and cash have been accounted for. The Income & Credit Control Section will log all such payments and the return of receipts, any outstanding payments where receipts have not been returned on time will result in further requests for being refused.

Prizes up to the value of £150 in vouchers

Cash may also be provided to buy vouchers for prizes and awards for taking part in experiments etc. Any prize is limited to a maximum of £150 in vouchers to volunteers and must not be a substitute payment for work done. University employees and their family members cannot be awarded a prize and volunteers/participants who are entered for a prize are not entitled to any other payment.

To obtain cash to purchase vouchers for prizes the same procedure as detailed above under Cash/Voucher Payments to individuals to a maximum of £50 should be followed. The Finance section will require proof of purchase of the prize to retain as back up for any HMRC compliance visit, as well as a receipt signed by the eventual winner. Use of voucher payment for any other type transaction will automatically result in School's being refused cash payments.

Summary

- Payments to individuals of up to £50 should be made in cash.
 - Cash can be obtained from The Cash Office using the Cash Request – Volunteer Payments Form.
 - All cash payments must be receipted on the Receipt – Volunteer Payments Form.
 - All receipts and unused balances to be returned to the Cash Office within 14 days of the study completion date along with the completed Cash & Receipts Returned Form.
- Payments in excess of £50 should be processed through the Finance System.
 - The volunteer should be set up as a supplier using the Self Employed Supplier Setup & Amendment Form.
 - A purchase order should be created and a completed payment request form forward to Accounts Payable.
- Vouchers up to the value of £150 can be purchased for use as a prize.
- Payments to companies should be processed on a purchase order and invoice.

Forms

- [Research Volunteer Cash Payment Forms \(less than £50\)](#)
- [Self Employed Supplier Setup & Amendment Form](#)
- [Research Volunteer - Payment Request Form](#)

4. External Examiners – Postgraduate Research (PGR)

Postgraduate Research (PGR) external examiners do not require to be set up in the finance system as both fees and expenses are paid via the External Examiners (PG) sundry supplier account. The University is not required to deduct PAYE or national insurance from such payments but is required to provide details of any postgraduate external examiner who earns in excess of £1,000 in any given tax year. The External Examiners Fees & Expense PGR request for payment form should be completed by the examiner, authorised by Registry, and forwarded to Accounts Payable for processing.

Summary

- No supplier account set up required as payment is processed through a sundry account.
- Completed form and receipts to be forwarded to Registry for authorisation and onwards to Accounts Payable for processing.

Form

- [External Examiners Fees & Expenses - PGR](#)

5. External Examiners – Undergraduate (UG) and Postgraduate Taught (PGT) Degrees & Courses

Undergraduate (UG) and Postgraduate taught (PGT) external examiners fees must be paid through payroll and are subject to PAYE and national insurance deductions (HMRC requirement). Expenses are paid through the finance system. Once again there is no requirement for a supplier account to be set up as expense payments will be made through a sundry account. The External Examiners Expenses Taught Degree & Courses request for payment form should be completed by the examiner, authorised by Registry, and forwarded to Accounts Payable for processing.

Summary

- Fees are paid through payroll.
- No supplier account set up required as expenses are paid via a sundry account.
- Completed form and receipts forwarded to Registry for authorisation and to Accounts Payable for processing

Form

- [UG and Taught External Examiners Expenses](#)

6. HR Interview Panel Expenses

Both the fees and expenses for interview panel members are paid through the finance system using a sundry supplier account. Once again there is no requirement for a supplier set up form, the HR Assessor Expenses form should be completed by the assessor and returned to Human Resources with all relevant receipts. Once checked and authorised the form should be forwarded to Accounts Payable for processing.

Summary

- No set up required, paid via a sundry account
- Completed form forwarded to HR for authorisation and to Accounts Payable for processing

Form

- [HR Assessor Fees & Expenses](#)

7. Translators

Transactions should be processed using normal procedures with purchase orders being raised, goods receipted once the service has been provided, and an invoice quoting the purchase order reference sent to Accounts Payable by the translator directly. A new supplier account set up can be requested in the usual way supported by a scanned copy of the Self Employed Supplier Setup and Amendment Form.

Translators are a category of individuals with a higher risk of breaking HMRC regulations. It is possible for the relationship between the University and individual to change from supplier and self-employed to an employee, for example should a translator be engaged in teaching a language course. As a result, only payments for translation and similar services should be processed via the supplier account. If an individual is engaged in any other activities the school/section must ask the individual to complete an Employment Status Questionnaire to help determine whether PAYE and national insurance should be deducted from the payment. Failure to comply will result in an assessment for unpaid taxes plus a penalty. To ensure that the account is not used to process other payments, Financial Accounting will review all transactions on an annual basis.

Summary

- Paid via a supplier account
- If already set up process fees using purchase orders and invoices
- If not set up, complete the Self Employed Supplier Setup & Amendment Form
- The supplier account can only be used for translation services
- If the individual is engaged for other purposes e.g. teaching, complete an Employment Status Questionnaire.

Forms

- [Self Employed Supplier Setup & Amendment Form](#)
- [Employment Status Questionnaire](#)

8. Teaching Review Assessors

Teaching Review Assessor payments should be processed through a supplier account using purchase orders and invoices. For new suppliers the Self Employed Supplier Setup & Amendment Form should be completed and a scanned copy attached to support the supplier account set up. Transactions should be processed using normal procedures with purchase orders being raised, goods receipted once the service has been provided and an invoice quoting the purchase order reference being sent to Accounts Payable.

Summary

- If already set up process fees using purchase orders and invoices
- If not set up, complete the Self Employed Supplier Setup & Amendment and request a supplier account set up in the Finance System attaching a scanned copy of the form.

Form

- [Self Employed Supplier Setup & Amendment Form](#)

9. REF External Assessors

REF External Assessors require their own supplier account. For new suppliers the Self Employed Supplier Setup & Amendment Form should be completed. Transactions should be processed using normal procedures with purchase orders being raised, goods receipted once the service has been provided and an invoice quoting the purchase order reference being sent to Accounts Payable.

Summary

- If already set up process fees using purchase orders and invoices
- If not set up complete the Self Employed Supplier Setup & Amendment Form and request a supplier account set up in the Finance System attaching a scanned copy of the form.

Form

- [Self Employed Supplier Setup & Amendment Form](#)

10. Performers

This category should be used to pay those, such as musicians, who have been hired for functions and events etc. In some circumstances such performers will be classed as employees by HMRC for tax purposes. In the first instance performers are required to complete the employment status questionnaire to determine whether the individual should be classed as an employee.

For those deemed as self-employed, payment will be made through a sundry supplier account in the finance system. There is no requirement to complete a set up form, the payment request form should be completed, authorised and forwarded to Accounts Payable for processing.

For those deemed as employees, the individual must be paid through Payroll using the temporary services forms.

It is possible that some performers will be classed as self-employed in the first instance, but frequent use/change in services provided may result in an individual being classed as an employee therefore an employment status questionnaire must be completed for each service provided.

Summary

- Complete an employment status questionnaire
- Paid through a sundry supplier account
- If deemed self-employed send a payment request to Accounts Payable
- If deemed an employee payment should be processed as temporary services.

Form

- [Employment Status Questionnaire](#)
- [Performers Payment Request Form](#)
- [Temporary Services Form TA1](#)

11. Foreign Entertainers

The University has an obligation to withhold basic rate tax on payments to foreign entertainers. The tax, along with a return detailing those who were paid must be submitted to HMRC on a quarterly basis. Please contact the Financial Accounting section for details on how to process such payments.

Summary

- Ask the performer to complete an Employment Status Questionnaire and return this to the Payroll section. Most performers will be classed as self-employed so it is probably worthwhile asking them to complete the payment details on the payment request form at the same time.
- If the individual is confirmed as self-employed complete the payment request form and pass to Accounts Payable for processing.
- If the individual is deemed to be an employee, arrange for payment through temporary services.

Forms

- [Employment Status Questionnaire](#)
- [Performers - Payment Request](#)
- [Temporary Services Form TA1](#)

12. Bed & Breakfast Services

The provision of bed & breakfast and similar services will never be regarded as employment. Suppliers should be set up using normal supplier procedures and paid via purchase orders and invoices.

13. Overseas Visitors

The rules for individuals visiting from overseas are complex because the University must comply with both immigration and tax legislation. In the first instance the University must determine whether the individual should be treated as an employee or self-employed by completing the Employment Status Questionnaire. The next stage is to ensure that the visitor has the appropriate permit to allow them to undertake the proposed activities.

As a result schools/sections should only engage an individual once an Employment Status Questionnaire has been completed, reviewed by Payroll and Human Resources have confirmed that the individual holds the appropriate VISA/work permit etc. Any breach in either the UK Border Association (UKBA) or HMRC regulations would have serious implications for the University, employing an individual without the proper permits in place would jeopardise the University's ability to continue to employ any non-EU national, while there are heavy fines and penalties for not adhering to HMRC requirements.

If the individual is regarded as self-employed or is undertaking activities allowed using a visitors' permit, payment will be made through the purchase ledger using the Overseas Visitors Payments form. If the individual is classed as an employee they must have the appropriate VISA and must be paid through the payroll system using temporary services forms.

Forms

- [Overseas Visitor - Payment Request](#)
- [Employment Status Questionnaire](#)

14. Other Self Employment Services

Any other services provided by an individual which are confirmed as self employment should be processed through a supplier account. An Employment Status questionnaire should be completed and sent to Payroll. Once Payroll has confirmed a status of self employment a supplier account should be requested using the Self Employed Supplier Setup & Amendment form and attaching a scanned copy of the employment status questionnaire to support the request. Purchase orders should be raised prior to receiving the service, and the supplying individual must submit invoices detailing the services provided and quoting the appropriate purchase order number.

Summary

- Complete the Employment Status Questionnaire
- Set Up a supplier account using the Self Employed Supplier Setup & Amendment form
- Process fees using purchase orders and invoices

Forms

- [Employment Status Questionnaire](#)
- [Self Employed Supplier Set Up & Amendment Form](#)

15. Other Expenses

Other expenses should only be used for payments to individuals for activities other than those detailed elsewhere in this guidance. Payments to members of University staff or students registered with the University cannot be processed through other expenses. There is no requirement for an account to be set up in the finance system. Individuals should complete the Other Expenses form and return the form along with the appropriate receipts to the school/section. The form should be checked, authorised and sent to Accounts Payable for processing.

Form

- [Other Expenses](#)

16. Payments to Students

Payments to students, for example scholarships or prizes are not looked at by HMRC. There are procedures for the different types of payments, for example scholarships and prizes are currently paid via the student's account in the finance system. The College of Life Sciences & Medicine and the School of Education have developed their own form specifically for paying expenses to students on placement.