

Navigating increases in Employer NICs for umbrella workers

The flow of payments to umbrella workers isn't simple – and it's umbrellas who are legally responsible for all necessary employment costs being retained appropriately before calculating the gross salary.

In the umbrella model, Employer NICs have to be deducted from the overall assignment rate. This means that when these contributions rise, they are deducted directly from the worker's assignment rate and that reduces the amount available to them as gross pay. Any increases in Employer NICs will affect their take-home pay even though their agreed assignment rate remains unchanged.

Employment agencies and umbrellas must direct their end-clients to increase assignment rates now to ensure umbrella workers avoid any drops in their take-home pay. As always, FCSA is here to support you through any necessary changes.

