



Employment Vs Supplier Classification Quick Guide

for services provided by individuals

CRITERIA FOR TREATING AS AN EMPLOYEE

Before onboarding/renewal

USING REVENUE'S FIVE-STEP FRAMEWORK, PLEASE START HERE:

- 1. Remuneration:** Is the worker being paid for performing work rather than for a final product? If yes, this indicates an employment relationship.
- 2. Personal Service:** Is the worker expected to do the work themselves? Workers performing tasks themselves without freely appointing substitutes suggest employee status.
- 3. Control:** Does the business have the authority to decide what work is done, where, and when? The focus is on the "right to"/"has" sufficient control, not whether the business uses it day to day. Control can include: allocating tasks, setting working hours, deciding location of work, issuing instructions, monitoring performance.

IF THE ANSWER IS 'NO' TO ANY OF THE FIRST 3 QUESTIONS ABOVE > MOVE TO "TREATING AS A SUPPLIER"

- 4. Practical Engagement:** When you look at how things actually work, does this person behave like part of our organisation? Workers integrated into the organisation's structure typically indicate employee classification.
- 5. Statutory Obligations:** In some cases, the law automatically classifies a worker as an employee regardless of the earlier steps. Examples: Office holders (e.g. company directors; members of State boards) must be taxed under PAYE.



CRITERIA FOR TREATING AS A SUPPLIER

Before onboarding/renewal

IF THE ANSWER TO ANY OF THE FIRST 3 QUESTIONS IN COLUMN 1 IS 'NO' THEN PLEASE CONSIDER:

- 1. Independent Business Characteristics:** A worker is treated as a supplier when the engagement reflects a commercial transaction, not employment.
- 2. Separate Legal Entity:** Contracts with entities like limited companies instead of individuals indicate supplier status.
- 3. Professional Independence:** Supplier status is shown when professional independence is preserved, such as with mediators or barristers.
- 4. Enterprise Activity Evidence:** Multiple clients, trading names, invoices with IP licensing, and web presence support supplier classification.
- 5. Right of Substitution:** Ability to substitute another qualified person without approval supports supplier classification.



SPECIAL CHECKS AND EVIDENCE REQUIREMENTS

Before onboarding/renewal

WHEN DETERMINED IF EMPLOYEE OR SUPPLIER, PLEASE CONSIDER THE FOLLOWING:

- 1. Contractual Document Review:** Staff must review all contracts, scopes of work, invoices, and substitution clauses to understand the true engagement nature. The agreement names the entity where applicable.
- 2. Revenue's Five-Step Decision Framework:** See section – "Criteria for Treating as an Employee" for details of the Framework.
- 3. Enterprise Indicators Capture:** Indicators like multiple clients, IP licensing, business operations, and commercial work evidence must be documented thoroughly.
- 4. Non-Resident Verification:** Verification of work location and residency ensures correct application of PAYE rules for non-resident individuals. Employment duties performed wholly outside Ireland are outside the scope of Irish PAYE.

