



## Introducing the Payroll Compliance Authority (PCA)

### Protecting the Interests of Temporary Workers

The newly-formed Payroll Compliance Authority (PCA) is a not-for-profit organisation established in 2023 to provide a benchmark by which to identify compliant payroll companies operating within the assignment-based contractor supply chain. Commonly referred to as 'umbrella' companies, these businesses typically utilise a variety of payroll models to calculate the take-home pay of workers whilst also adopting the position of their employer.

The PCA will strive to ensure that all these payroll models are administered in accordance with all employment legislation and taxation guidelines via a forensic assurance audit of a company's organisational structure, internal processes and financial procedures independently conducted by one of the 'big four' accountancy firms. Upon successful passing of the audit, payroll companies will be eligible to promote their business under the PCA imprimatur and align themselves with the aspirations, values and culture of the PCA.

We believe that there has never been a more appropriate moment to launch the PCA given the pressures facing the assignment-based workforce, including a proliferation of non-compliant umbrella companies, many of whom operate an array of tax-avoidance schemes which place workers in a position of extreme risk with regards to their gross-to-net earnings and tax affairs.

Seduced by the respect of paying less tax, thousands of workers find themselves subsequently subject to HMRC investigations, heavy

penalties and fines, in addition to unwittingly forfeiting many of their statutory employment rights and entitlements.

An absence of meaningful policing by existing trade bodies dictates that the payroll industry remains largely unregulated, with workers at the mercy of unscrupulous providers. The PCA supports the prospect of Government regulation to standardise the industry and to create a transparent set of criteria by which umbrella companies have to offer their services, and we believe that the PCA can provide an instrumental role in this objective going forward.

It is estimated that there are currently 800,000 workers paid via umbrella companies in the UK, with less than a third administered by payroll providers audited by other trade bodies. The potential for worker exploitation is, therefore, rife, as illustrated by numerous examples of non-compliant payroll schemes frequently appearing in the media across a myriad of sectors, including construction, education and healthcare.

It is the absolute remit of the PCA to identify these rogue providers whilst highlighting the legitimate endeavours of those payroll companies who comply with employment legislation and treat workers fairly.

To find out more or to arrange an initial consultation, please contact Kyle Cowell on 07780 906 236 or via email:

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**We welcome your feedback and support.**



### COMPANY INFORMATION

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#### Compliance Objectives

Ensuring that the recruitment agencies and payroll providers in the assignment-based supply chain comply with the following legislative acts:

- ✓ National Minimum Wage Act 1998
- ✓ Employment Agencies Act 1973
- ✓ Gangmasters (Licensing) Act 2004
- ✓ Modern Slavery Act 2015
- ✓ Serious Crime Act 2007
- ✓ Police and Criminal Evidence Act 1984
- ✓ Employment Rights Act 1996