



PROFESSIONAL
PASSPORT FORTIS

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**REMOVING THE RISKS OF JOINT
AND SEVERAL LIABILITY**

**PURPORTED UMBRELLA
CLIENT BRIEFING**

Finance Bill 2025-26 – Purported Umbrella Companies

From 6 April 2026, the Finance Bill introduces new provisions targeting 'purported umbrella companies'. These rules expand PAYE liability and impose joint and several liability on recruitment agencies and, in some cases, end clients. This briefing summarises what the change means for you.

Definition – Purported Umbrella Company

A 'purported umbrella company' exists where an entity presents itself (or is believed) to be the employer of workers, but in reality does not operate PAYE correctly. The rules also apply where workers have a material interest in the entity and a substantial proportion of payments are not treated as employment earnings.

What counts as a 'material interest'?

- Shareholding or profit entitlement
- Rights to assets on winding up
- Significant control or influence in the company

Legal Effect

- 1 Worker deemed employed by the purported umbrella for PAYE purposes.
- 2 All remuneration treated as employment earnings.
- 3 Umbrella deemed employer for PAYE obligations.
- 4 Joint and several liability can attach to agencies and clients.

Liability Chain

Umbrella → Agency → End Client

If PAYE is unpaid, HMRC may recover directly from agencies or end clients.

Policy Objectives

- 1 Prevent tax avoidance and disguised remuneration.
- 2 Protect workers from unexpected tax bills.
- 3 Secure Exchequer revenues.
- 4 Level the playing field for compliant umbrellas and agencies

Implications for Agencies & Clients

- 1 Enhanced due diligence: verify umbrellas genuinely employ workers.
- 2 Avoid self-employed models
- 3 Review contractual arrangements
- 4 Operate PAYE through Fortis paying liability direct to HMRC

Next Steps

Agencies and clients should now review supply chain contracts, ensure due diligence processes are robust, and obtain evidence of PAYE compliance from umbrellas. Once satisfied operate the arrangements through Fortis to ensure correct application of PAYE and pay HMRC directly for the PAYE liability.