

What is Supervision, Direction or Control?

From 6th April 2016, the type of expenses that can be paid by umbrella companies to their employees will be determined by the employee's supervision, direction or control (SDC) status. This is assessed on an assignment by assignment basis.

SDC Status

As an employee, your SDC status is determined by looking at whether you are subject to, or the right of, Supervision, Direction or Control by anyone in the manner in which you provide your services whilst working on assignment.

The legislation is complicated and the definitions of supervision, direction and control are subjective and not always clear cut. Individual circumstances are taken into account for each separate assignment.

At Parasol, we believe the answer to the following question is a good indicator of whether you are subject to SDC (or the right of) on a particular assignment:

“Does anyone have the right to tell you how to do your job?”

This does NOT mean that someone on the client's site tells you what to do, where to do it, or when to do it, but can they actually tell you HOW it should be done? For example, can someone tell you that you must use a spreadsheet rather than a Word document to collate results? Do you have to follow the client's checklist to complete your task? The person sitting nearby may offer suggestions from time to time but do they actually have a right to tell you how things must be done?

If the answer is “yes” then you are likely to be subject to SDC and if the answer is “no” then that's a good indicator that you are NOT subject to SDC.

What's Parasol's response?

We've devised a series of questions which we will ask you to answer each time you start a new assignment and when you wish to claim expenses. The answers you give will help us to decide your SDC status.

For some roles our view is SDC will always exist. For example, if you're a teacher, nurse, driver or social care worker there will always be someone with a RIGHT to supervise, direct or control how the work is done. Also, if the rate we receive from the agency or client is less than £12 per hour then we'll determine that you're subject to SDC.

Impact of SDC status on expenses that can be paid

If you're subject to SDC then we can't pay certain expenses for the duration of the assignment so it's really important that we get your status correct. To find out more about what this means for the types of expenses you can claim and have reimbursed by us please refer to our **[business costs and expenses guide](#)**.

Regardless of your SDC status we have a solution that works for you so please call our best advice team to discuss your own circumstances on **0800 458 0818**.

If you would like to know more about the detailed guidance from HMRC on SDC please refer to **www.gov.uk**