



Jargon Buster

Ever feel like your head is spinning with confusing business terminology? Read our jargon buster to help you cut through the noise.



Jargon Buster

This jargon buster is a guide only. If you are unsure of any of the terms contained within please refer to specialist advisers.



Apprenticeship Levy

Part of the Government's plan to increase the quantity and quality of Apprenticeships. The levy is a new tax which aims to fund three million new Apprenticeships in England by 2020.

Auto Enrolment

Part of new legislation whereby all UK employers must automatically enrol qualifying workers into a workplace pension scheme.

AWR – Agency Workers Regulations

The Agency Workers Regulations (AWR) protects the employment rights of agency workers who have worked in a role for 12 or more weeks by entitling them to the same pay & benefits of their permanent counterpart.

Confidential Invoice Discounting

Is when your business is advanced capital against sales invoices before payment is received, without the client's knowledge.

Credit Control

A process which helps to maintain a healthy cash flow through your business by making sure invoices are paid according to the agreed payment terms.

Credit Protection

Providing you're not trading over the Credit Protection Limit, you are protected from liability in the event that a customer goes into liquidation / insolvency.

Employers Liability Insurance

An insurance that covers claims against a company by its own workforce. It is a legal requirement for all employers.

Factoring

Is when a third party buys your unpaid invoices in return for a fee. The company that buys the invoice is then responsible for collecting the debt.

Intermediary

A party within your supply chain, which acts as a link between an employer and the worker eg. **Umbrella Company** or **PSC**.

Invoice Discounting

Is when you are in receipt of a loan against unpaid invoices at an agreed percentage of their value. Unlike factoring, you are still responsible for chasing the debts yourself.

IR35

Part of anti-tax avoidance legislation that aims to differentiate between contractors who are self-employed and temporary employees. IR35 affects all contractors who are not classed as self-employed and requires them to pay increased tax and NICs.

Limited Company

A legal business structure whereby the liability of shareholders is limited to the amount that they have invested.

Managed Services Company

Under this structure a number of contractors are placed into a group of shareholders all working through one company owned and run by the managed service provider, thus meaning they (*the contractor*) get all the tax advantages of operating a Limited Company but without the responsibility.

Offshore Employment Intermediaries Legislation

Was introduced in 2014 to prevent offshore intermediaries being used to avoid employment taxes. The legislation makes the UK intermediary the party responsible for PAYE and NIC deductions for the worker.

Onshore Employment Intermediaries Legislation

Was introduced in 2014 to stop companies who falsely declare their workers to be self-employed as a way to avoid tax.

PAYE – Pay As You Earn

An income tax paid on part of your employed earnings. Employees will pay this via their employer and those who are self-employed are responsible for calculating and paying this through self-assessment.

PSC – Personal Service Company

A limited company set up by a contractor and is typically run solely by them.

P32 Report

A record that shows a breakdown of total payments due to HMRC at the end of each tax period.

P35 Employee Annual Return

A summary of the tax and NI deductions applied to employee's salaries during the previous tax year so that any difference from the payments due and those actually paid can be identified.

RTI – Real Time Information

Real Time Information (RTI) is an addition to the PAYE tax reporting, introduced to improve efficiency. It means that employers must submit information to HMRC every time employees are paid rather than just once a year.

Sales Ledger

An accounting structure that records all of your sales and credit notes whether or not they have been paid.

Statutory Accounts

Are your company's annual accounts that must be shared with any shareholders so they can see how the business is performing.

Supervision, Direction or Control

Factors that are taken into account when determining an individual's employment status. This is important because it establishes whether IR35 legislation applies to the individual.

Umbrella

A term describing a company that employs agency workers. There are many different structures in which an umbrella company can operate, but it is the responsibility of the agency to ensure all correct PAYE and NICs are deducted from the employee's wages.



Our Story

Back Office Support Services started helping recruitment agencies of all shapes and sizes prosper and grow way back in 1998.

In the 20 or so years since then, we've also prospered and grown – and now employ over 35 people in our Head Office in Congleton, Cheshire.

That success is down to building long-term relationships with clients who trust us to take care of their financial and legal support – not to mention an obsession with customer service that ensures an unrivalled accuracy that keeps contractors, temps and clients 100% happy.

Back Office Support Services

15 John Bradshaw Court
Alexandria Way
Congleton
Cheshire
CW12 1LB

T: 01260 280290

E: info@backofficesupportservices.co.uk

www.backofficesupportservices.co.uk

 [linkedin.com/company/2887588](https://www.linkedin.com/company/2887588)

 twitter.com/BackOffice98