

What is Employer's National Insurance and why is it relevant to Umbrella Workers?

When you work through an Umbrella Company, the agency pays an assignment rate to the Umbrella Company. This assignment rate is intended to cover all employment costs associated with your engagement.

These employment costs may include:

- Employer's National Insurance Contributions (NICs)
- Employer pension contributions (where applicable)
- Apprenticeship Levy (where applicable)
- Holiday pay arrangements
- The Umbrella Company's margin

The Umbrella Company is responsible for paying these costs to the relevant authorities. However, these costs are funded from the assignment income received for your work before your gross taxable pay is calculated.

This means that the assignment rate is not the same as your gross PAYE salary. Employment costs must first be accounted for before calculating your taxable pay, from which PAYE tax and Employee National Insurance are then deducted.

By registering with the Umbrella Company, you acknowledge that you have read and understood that employment costs are funded from the assignment income and will affect the gross taxable pay available for processing through PAYE.