



# **FCSA Code of Compliance**

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**Charter**

FCSA is dedicated to raising standards and promoting supply chain compliance for the temporary labour market. A key way we do that is to publish our Charter and Codes. We do this so that all industry stakeholders and, importantly, all the workers who use our Members' services can be assured that FCSA Members are fully compliant with the laws and regulations surrounding employment rights, personal taxation and corporate compliance with the off-payroll rules. All FCSA Members undertake to abide by our Charter and Codes as a condition of their membership and are contractually obliged to maintain these high standards throughout their membership.

Our Codes, which sometimes go above and beyond what is lawfully required, are formulated by FCSA working closely with independent experts in these areas and changes are reviewed prior to publication by a wide variety of industry stakeholders and official bodies. The Codes cover complex issues and that is why they are constantly under review and are updated as often as is required to keep them relevant and reflective of not only the regulations but also industry best practice. We believe our Codes set the highest standards of compliance and are industry-leading in their comprehensive scope. Members are assessed against FCSA's Codes not by in-house staff or inexperienced evaluators but by a panel of fully independent and nationally renowned professional services firms, lawyers and accountants, with an authoritative level of expertise in these specialist areas. This assessment for FCSA accreditation is rigorous and stringent and, as a result, it is recognised as the industry's compliance gold standard.

I'd like to thank you for taking the time to read our Charter and Codes.



**Chris Bryce**

**Chief Executive  
Freelancer and Contractor Services Association Ltd**








## FCSA Charter

The purpose of the FCSA Charter is to establish ethical standards and minimum levels of conduct for Accredited Members of the Freelancer and Contractor Services Association (FCSA). We ask that all members and applicants read the following and acknowledge that they support the Charter.



## Aims and Objectives

The objective of the FCSA is to protect and promote the interests of professional contractors and freelancers ('workers') by ensuring they are only working with the most scrupulous and compliant contractor support businesses. We will achieve this by:

-  Representing the whole sector at all levels of the regulatory and legislative processes
-  Working to raise standards and awareness of the sectors' contribution to supply chain compliance
-  Supplying information and advice to members including market intelligence, research, and legislative changes
-  Facilitating ethical behaviour by exposing worker exploitation, tax avoidance and stamping out poor practice
-  Raising standards of competence, professional knowledge, and best practice through active programmes of education and training
-  Promoting standards and service quality in the interests of customers
-  Providing a voice for the sector, promoting positive PR, and communications

## The Charter

The purpose of the FCSA Charter is to establish ethical standards and minimum levels of conduct for members of the FCSA. We ask that all prospective members read the following and acknowledge that they support the Charter.

Members will observe the highest principles of ethics, integrity, professional conduct, and fair practice and will conduct their business in a manner designed to enhance the operation, image and reputation of the contractor support industry and other FCSA Members.

### 1. General

- 1.1.** FCSA Members shall be UK-based firms that do not provide more than 25% of their operations such as back-office processing, call handling or data processing outside of the UK. FCSA does not permit Members to advertise, promote, recommend, devise, utilise, or undertake any offshore arrangements or any solutions or structures which seek to evade or avoid UK tax regulations or employment rights as set out under UK law or as specified in the FCSA Codes. FCSA specifically prohibits the use of any artificial constructs which seek to evade or avoid UK taxations regulations or UK employment rights including the payment of National Minimum Wage, such constructs include but are not limited to Employee Benefit Trusts, Loan Schemes, Hybrid models, offshore employment, flag of convenience arrangements, disguised remuneration schemes or any type of such other avoidance schemes as may from time-to-time be identified and named by FCSA or relevant UK authorities such as HMRC, BEIS, DWP or HMT.
- 1.2.** Members shall at all times act in the best interests of the contractor support industry and will not act in a way likely to bring the industry into disrepute.
- 1.3.** Members shall assist in improving the public understanding of the contractor support industry. Members shall neither disparage nor engage in any conduct that could jeopardise the welfare of their employees/clients, FCSA or other members.
- 1.4.** The FCSA will apply a Fit and Proper Persons test to prospective members who are:
  - 1.4.1.** Running business either on their own or in partnership with another.
  - 1.4.2.** Able to direct the business - this includes directors and shadow directors, whether they're based in the UK or overseas.
  - 1.4.3.** 'Beneficial owners' of the business (you're a beneficial owner of a business if you own or control more than 25 per cent of it).
  - 1.4.4.** 'Officers' for the business.
  - 1.4.5.** Shareholders who own or control more than 25 per cent of the shares or voting rights in the company.

In determining a person's honesty, integrity and reputation, the FCSA will have regard to matters including, but not limited to, those which may have arisen either in the United Kingdom or elsewhere.

## 2. Honesty and Transparency

- 2.1. Members will act honestly in all dealings with contractors, clients, customers, members, non-members and others.
- 2.2. Members shall not knowingly make a false or inaccurate statement, mislead or otherwise allow those with whom it deals to operate with a false impression of anything relating to the business between the member and that of another party.
- 2.3. Members must adhere to the principles of truth in advertising and shall not knowingly make false or inaccurate claims.
- 2.4. All fees, margins, and charges must be explicitly and fully disclosed to contractors and freelancers before completion of any contractual relationship.

## 3. Ethical Behaviour

- 3.1. Members shall establish, maintain and develop business relationships based on confidence, trust and respect.
- 3.2. Members will comply with all relevant legislation, statutory, and non-statutory requirements and official guidance and any future amendments to such requirements during the course of providing their services to others.
- 3.3. Members will not provide services that seek to exploit vulnerable or low paid workers and will always ensure the worker is paid at least national minimum wage for the hours worked.
- 3.4. Members will deter the development and use of avoidance schemes that are not transparent with HM Revenue and Customs (HMRC) and will not display any behaviours detrimental to the fairness of the tax system.
- 3.5. Members must not create, encourage or promote tax planning arrangements or structures that either:
  - 3.5.1. set out to achieve results that are contrary to the clear intention of Parliament in enacting relevant legislation and/or;
  - 3.5.2. are artificial, contrived and/or seek to exploit shortcomings within the relevant legislation against the spirit of Parliament's intentions.

Members are encouraged to refer to the [Professional Conduct in Relation to Taxation](#) guidelines in order to assess what constitutes acceptable tax planning.

Specifically, members must not create, encourage or promote tax avoidance schemes that meet the definition of a Disclosable Tax Avoidance Scheme or result in the member falling within the scope of Promoters of Tax Avoidance Scheme rules and/or which HMRC have published as "[in the spotlight](#)". In addition, members should ensure that their services do not breach any Targeted Anti-Avoidance Rules and General Anti-Avoidance Rules and have policies and procedures in place to protect them from the Corporate Criminal Offence of Failure to Prevent the Facilitation of Tax Evasion.

Examples of the hallmarks of tax planning arrangements which contravene this Charter (in addition to any arrangements currently listed as a HMRC spotlight) include:

- arrangements which involve loan schemes in any disguise;
- arrangements which involve income trust schemes;
- arrangements which involve the member operations to include a managed services company;
- arrangements which are marketed as margin free and are funded by the employer retaining funds derived from pension arrangements, retail arrangements, the employment allowance and flat rate VAT;
- arrangements which involve contrived trade expenses e.g., by technology or HR platforms;
- arrangements which involve directors of multiple companies based outside of the UK;
- arrangements which seek to bypass the IR35/off-payroll legislation by issuing less than 5% of the company's shares to each worker.

These examples are not exhaustive and may be updated from time to time.

## 4. Compliance with Laws and Regulations

- 4.1.** Members should adhere to the spirit of all applicable human rights, employment laws and regulations and treat all contractors, freelancers, customers, and others without prejudice or unjustified discrimination.
- 4.2.** Members will ensure they comply with all relevant legislation relating to their business, including but not limited to legislation relating to equal opportunities, health and safety, taxation, right to work, money laundering, data protection, Modern Slavery Act (where applicable), and competition.
- 4.3.** Members will ensure that the contractual documentation they use to cover their dealings with workers, clients and customers is in line with current statutory requirements.
- 4.4.** Members will have a procedure in place to ensure that any referral fee or other financial incentive paid to any staffing company, intermediary, or any other business in the supply chain is not in breach of the UK Bribery Act. FCSA expects members to adhere to the following best practice with regard to such fees to ensure that:
  - 4.4.1.** when entering into referral fee/financial incentive arrangements all parties have complete transparency with regard to the payments made and/or received; and any incentives/gifts paid to individuals:
    - 4.4.1.1.** Are all covered by an HMRC Taxed Awards Scheme for both PAYE and NIC's;
    - 4.4.1.2.** No incentives/gifts are paid in cash;
    - 4.4.1.3.** The directors (or similar) of the receiving business are aware of the incentives and have approved their payment.

## 5. Staff training

- 5.1. Members agree to communicate the contents of this Charter to all staff and instruct them to abide by its contents.
- 5.2. Members will train their staff to ensure that they have the skills, knowledge and information to reach the standards required by this Charter and will put in place adequate procedures to ensure continuing compliance.
- 5.3. Members will ensure their staff remain informed on issues essential to the conduct of their business and pursue the practice of continuing education.

## 6. Complaints

- 6.1. Any complaint that a member has breached the standards contained within this Charter shall be dealt with in accordance with the FCSA complaints procedure.
- 6.2. Please note that FCSA will not investigate or intervene in complaints, which are based solely on a commercial dispute and are with another corporate entity.
- 6.3. In the event that a complaint is made against a Member, that Member shall co-operate with any investigation of that complaint under the FCSA complaints procedure. Including the provision of documentation, evidence and data pertinent to any complaint or allegation of non-compliant activity.
- 6.4. Members shall provide reasonable assistance to any investigation under the FCSA complaints procedure, even if they are not the subject of that complaint.
- 6.5. Should a member fail to adhere to the terms of this Charter, or should a complaint be upheld against a member that it has failed to so adhere or should a Member fail to co-operate with any investigation under the FCSA complaints procedure, FCSA reserves the right to terminate their association. In any such decision to terminate, FCSA shall act in good faith and in compliance with any applicable law and will follow its own rules and procedures including any right to appeal.
- 6.6. FCSA reserve the right to publish details of members who have been expelled or failed to meet the principles set out in the Charter at its discretion.



**integrity • independence • influence**

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