

Staff hire concession

During a House of Lords debate, it has been confirmed that from April 2009 the staff hire concession (SHC), which prevents VAT being charged on the wages of agency workers, will be removed with the result that normal VAT rules will apply to the supply of temporary staff. Affected businesses may face a significant new VAT cost on the wages of temporary workers where the additional VAT cannot be recovered or passed on. The Confederation of British Industry had advocated retaining the SHC in recommendations made to the Prime Minister in advance of the Pre-Budget Report 2008. As it now seems clear that the SHC will go, affected businesses need to consider their position.