

# Contributions: Labour-only contractors and subcontractors no. 59

This leaflet explains how we classify  
Labour-only contractors and subcontractors  
for Social Insurance purposes.



States of Guernsey  
Social Security

If, after reading this leaflet, you still have unanswered questions, please contact us on **732504**

This leaflet should be read with leaflet 50, which contains all the current benefit payments and contribution rate, available from [www.gov.gg/SScontributions](http://www.gov.gg/SScontributions)

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*This leaflet is for guidance and must not be treated as a complete and authoritative statement of the law.*

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## **Labour-only contractors and subcontractors**

The Social Insurance (Classification) (Guernsey) Regulations 1978 (as amended) state that all labour-only contractors and subcontractors within the construction and building industry are classified as employed persons.

## **Registration cards and insurance schedules**

Labour-only contractors and subcontractors should obtain an employed persons registration card which must be passed to the employer.

Each employer should ensure that a registration card is held for everybody who is treated by Social Security as an employed person and that the appropriate deductions are taken and entries made on the insurance schedule.

## **Who is the employer?**

The employer is the person or company with whom the labour-only worker contracted to do the work. Where a person supplies labour-only and in turn engages their own labour-only subcontractors and receives payment for all the work done, that person is treated as the employer. This means that where a person acts as a spokesperson, negotiator or paymaster for two or more persons acting together, that person will be treated as an employer.

Where a labour-only contractor is supplied by a limited company and payment for services is made to that company, that company is considered to be the employer.

## **Subcontractors**

Where a subcontractor provides labour and materials, they will continue to be treated as a self-employed person. Materials supplied by a contractor must be proportionate to the size and nature of the contract. Where negligible materials are provided they will be deemed to be labour-only and therefore an employed person. For example, a carpenter supplying merely his tools, nails, screws etc. would not be deemed to be supplying materials.

Where a contractor or subcontractor supplies materials for some contracts but for others supplies labour only, they should be treated as employed in respect of the labour-only contract. In these circumstances the contractor or subcontractor should pass to their employer an employed persons registration card for any work performed as a labour-only contractor or subcontractor. They should still retain their self-employed card for their other self-employed earnings.

## **Work in the home**

These regulations do not apply to a private householder who engages a labour-only contractor or subcontractor to carry out work in the home. These workers will continue to be classified as self-employed.

# Classification regulations

A copy of the regulations is printed below.

Social Insurance (Classification) (Guernsey) Regulations, 1978  
(as amended)

## *First Schedule (part 1)*

### **4A Persons treated as employed persons**

Employment by any one employer in the building or construction industry in respect of which manual labour is personally performed by a person, notwithstanding that any such employment is not employment under a contract of service.

#### **Exceptions**

None

## *Third Schedule*

### **4 Employment in respect of which persons are treated as employers**

#### *Employments:*

Employment by any one employer in the building or construction industry in respect of which manual labour is personally performed by a person, notwithstanding that any such employment is not employment under a contract of service.

#### *Persons treated as employers:*

Where the person employed is supplied by some third person and receives his remuneration from that third person, that third person;

Where a person acts as spokesman for, negotiator or paymaster for two or more persons acting in concert offering themselves to carry out any type of work or functions in the building and construction industry, that person;

In any other case, the person with whom the person employed contracted to do the work other than where the contract entered into was a contract for services between the owner or occupier of a dwelling and the contract was for work to be carried out on the dwelling or within its environs.

## For further information

If you are unsure of the meaning of any particular point in this leaflet, please contact Social Security, or the Alderney States Office, where staff will be pleased to help you, and from where copies of other leaflets may be obtained.

More information is also available on the States website here: [www.gov.gg/SScontributions](http://www.gov.gg/SScontributions).

If you are writing to Social Security, please quote your social insurance number, if known.

## What to do if you have a complaint

If you are dissatisfied with any aspect of our services please let a member of staff know at the time so that we can try to resolve the issue immediately. If you wish to make a formal complaint to Social Security, please contact us for a complaints leaflet and return the completed complaints form to **Social Security, Edward T. Wheadon House, Le Truchot, St Peter Port, GY1 3WH**.

You can also request more information by email and return your complaint form to [socialsecuritycomplaints@gov.gg](mailto:socialsecuritycomplaints@gov.gg) or send your complaint or a compliment to us online at the States website, by visiting [www.gov.gg/ccs](http://www.gov.gg/ccs) and completing the electronic form.



## How we collect and use information

Social Security processes personal information for social security purposes in order to carry out functions relating to the relevant social security and associated legislation that it administers. The information collected will depend on your business with us, but will be no more than is required for that purpose. We may get information about you from others for any of our purposes if the law allows us to do so. We may also share information with certain other organisations if the law allows us to. Any personal information you give to us will be processed in accordance with the Data Protection (Bailiwick of Guernsey) Law, 2001. If you wish to know more about the information we have about you, or about the way we use it, you can ask at the Office of the Committee for Employment & Social Security or by emailing: **[employmentandsocialsecurity@gov.gg](mailto:employmentandsocialsecurity@gov.gg)**