

UK hiring checklist for overseas companies

For a company based outside the UK that is about to employ someone who will live and work in the UK. Print it, work down it, tick it off. It covers the 2026/27 UK tax year.

The fuller version, with a timeline working back from the first payday, is on our website at onshorepartners.co.uk/first-uk-hire-payroll-checklist.

1. Before you make the offer

☐ **Employee or contractor.** Settle it on how the work will really be done, not on the label. A person may have a different employment status in tax law, and courts and tribunals can make final decisions on employment status.

☐ **Right to work.** You must check that the person is allowed to work for you in the UK before you employ them. Section 4 sets out how.

☐ **Where in the UK they will be based.** It changes the insurance answer in section 5.

☐ **A certificate of coverage.** Someone working in the UK for an employer in the EU, Gibraltar, Switzerland, Norway, Iceland or Liechtenstein usually pays UK National Insurance, unless they have a certificate of coverage from that country. Ask before you work out the scheme.

☐ **Who they will work for.** If you send them to work for a UK business, such as a UK client, that business may have to run PAYE on their pay instead of you.

☐ **Price the whole hire, not just the salary.** The pay must clear the minimum wage: from April 2026 that is £12.71 an hour at 21 and over, and the rates change on 1 April every year. If they qualify for the workplace pension, the minimum you pay in is 3%, out of a total minimum of 8%. Where UK employer's National Insurance is due, budget for it too. For most employees, UK employer's National Insurance is 15% of whatever they earn above £5,000 a year.

2. The scheme decision

Which HMRC scheme fits turns on a few facts. Answer these first.

☐ **Does the company have a UK presence?** HMRC's rule is that an employer owes UK employer's National Insurance if it is resident, present or has a place of business in Great Britain.

☐ **Where is the company based?** An employer based in the EU, Gibraltar, the Isle of Man, Switzerland, Norway, Iceland or Liechtenstein can owe it as well, when the employee works in the UK and UK National Insurance is due.

☐ **Does the employee hold a certificate of coverage, and will they work for a UK business?** Both are in section 1, and both can change the answer.

The usual routes for a company with no UK presence:

- **A DPNI, in the employee's name.** HMRC's DPNI guidance includes employees of an overseas employer that has no UK address it pays wages from. The employee sets up a DPNI and pays both their income tax and their employee National Insurance to HMRC under one PAYE reference.
- **An NI-only scheme, in your company's name, for an employer based in the EU.** When someone works in the UK for an employer based in the EU and UK National Insurance is due, it is due on both sides, the employee's and the employer's, so the scheme is an NI-only scheme in the employer's name and not a DPNI or DCNI. In HMRC's words, "A National Insurance (NI) scheme is used where the only liability is for primary and secondary

National Insurance Contributions (NIC)." If the employee owes UK income tax, it then goes through Self Assessment, or a separate tax-only scheme if preferred.

- **Your own UK PAYE, by choice.** This route is for a company outside the EU, the EEA and Switzerland. A company with no UK presence doesn't have to run UK PAYE, but it can choose to run it in its own name.

We'll ask HMRC for the scheme that fits your facts, and once they have the full facts they may suggest a different one.

[] **Register in time.** A DPNI is the employee's to set up. For a scheme in your company's name: HMRC don't let anyone register a scheme more than two months before they start paying people.

[] **Allow for the wait.** We'd allow four to eight weeks for HMRC to set the scheme up, and that's our own estimate, not a figure from HMRC.

3. What the employee gives you

[] **Right to work evidence:** a share code to check online, or their original documents. British and Irish citizens cannot get a share code, so for them you check an original document such as a passport or passport card.

[] **On a scheme in your company's name** (NI-only, or your own UK PAYE): their date of birth, gender, full address and start date, and their P45. Without a recent P45, they fill in a starter checklist instead. The P45 also gives you their National Insurance number.

[] **On a DPNI:** the scheme is theirs, so they register it with HMRC and deal with HMRC under it.

[] **Keep what they give you** in your payroll records for the current year and the 3 following tax years.

4. Right to work

[] Check before they start, never after.

[] Check original documents with the person present, or check online with their share code.

[] Make a copy that cannot be changed, record the date you made the check, and keep the copies for the whole employment and for 2 years after it ends.

[] If their right to work is time-limited, check again when it is due to expire.

[] Treat every applicant the same way. You must not discriminate against anyone because of where they are from.

If you employ someone who is not allowed to work here and you have not carried out a correct check, you could face a civil penalty.

5. From the first day of work

[] **Contract.** As soon as someone accepts a job offer they have a contract with you, written down or not.

[] **Written statement.** The principal statement on the first day, the wider written statement within 2 months. On day one you also give them the details of sick pay, other paid leave and notice periods.

[] **Insurance.** You must have employers' liability insurance from the day you become an employer, unless the only person you employ is based outside England, Scotland and Wales, and you can be fined £2,500 for every day you're not properly insured.

[] **Workplace pension.** The workplace pension (auto-enrolment) duties also start on the employee's start date, not when HMRC open the scheme. You must enrol staff aged between 22 and State Pension age who earn

at least £10,000 a year and normally work in the UK.

- [] **Declaration of compliance** to The Pensions Regulator, within five months of that start date.

6. Payroll and RTI reporting

[] **If the scheme isn't open by the first payday.** If pay starts before the scheme is in place, payroll still runs every payday and is reported to HMRC late once the scheme exists.

On a DPNI

[] A direct payment scheme doesn't work like an ordinary payroll. HMRC send the employee a deductions working sheet, the employee fills it in, and the tax and National Insurance payments go to HMRC from them. So you pay the gross salary and don't take any UK tax or National Insurance off it.

- [] The employee pays HMRC each tax quarter, within 14 days after the quarter ends.

On a scheme in your company's name (NI-only, or your own UK PAYE)

[] Send a Full Payment Submission (FPS) on or before every payday. The first FPS for a new employee carries their details, and that is how HMRC learn about them.

- [] Give a payslip on or before payday, showing pay before deductions, the deductions, and pay after them.

[] Pay HMRC by the 22nd of the next tax month if you pay monthly (the 19th if paying by cheque through the post). Tax months start on the 6th.

Whichever scheme

- [] Keep payroll records for 3 years from the end of the tax year they relate to.

7. What to ask any payroll provider

- [] Which HMRC scheme will you ask for, and why that one rather than the others?
- [] Whose name will the scheme be in, and so who is your client: the company or the employee?
- [] Who pays your fees, and is the price the total, or is VAT or a per-payslip charge added?
- [] Is the workplace pension work included, or charged on top?
- [] Who sends each report to HMRC, who pays HMRC, and by when?
- [] What happens if the first payday comes before HMRC have opened the scheme?
- [] Which duties stay with the company whatever you do for us, such as insurance, the right to work check and the pension?

8. How we answer those

- A DPNI costs £157 a month. That is per scheme, and each employee has their own.
- An NI-only scheme costs £157 a month for one employee, and £150 a month plus £7 per payslip for two or more.
- Setup is £750 per scheme on a DPNI, and £750 once for an NI-only scheme however many employees it covers.
- A UK PAYE scheme in the company's own name starts at £225 a month plus £8 per payslip, and setting it up costs £350.

- We are not VAT registered, so the price shown is the total.
- Our work on the workplace pension is included in the monthly fee, and we never charge extra for it.
- When the scheme is in the employee's own name, the employee is our client and pays our fees.

Current prices are at onshorepartners.co.uk/our-pricing.

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General information for an employer based outside the UK, not tax or legal advice on your own case. It reflects GOV.UK, HMRC and The Pensions Regulator guidance as saved on 22 October 2026, and the 2026/27 rates, which can change.