



## SafeRec Official Statement

SafeRec has been asked by Recruiter Magazine to comment on a recent article that it published, following Honest Payroll Ltd entering into administration.

We are disappointed that the press release sent to the Recruiter Magazine uses inaccurate and misleading information, which we now have evidence originates from a PR consultant engaged by a competitor, to frame a narrative that reaches a mistaken conclusion.

With the anticipated introduction of JSL in 2026, it has never been more important for those with an audience to ensure their communication is accurate and clear, in the interests of their readers. Therefore, in line with our commitment to total transparency, we feel it is necessary to address these points clearly and factually.

### **1. The Financial Situation and Tax Payment**

The press release outlines the risk for recruitment agencies post-April 2026 and the introduction of Joint and Several Liability (JSL). This liability (JSL), alongside other legislation such as the onshore and offshore intermediary rules implemented since 2014, applies specifically to the employment taxes of the worker: Income Tax, Employee NI contributions and Employer NI contributions. It does not pertain to other liabilities the umbrella may have. The tax liability that comes with JSL concerns exclusively the employment tax that Umbrella Companies must pay when they employ a worker on behalf of the recruitment agency.

For the press release to conflate both VAT and PAYE as a function of JSL is therefore incorrect and misleading. Although the headline is designed to grab attention, it risks misleading agencies with an inaccurate interpretation of the upcoming legislation.

The press release goes on to state a comment by the CEO of Professional Passport: *“Had this situation occurred post-April 2026, recruitment companies relying on Honest payroll may have faced significant financial exposure”*

The statement is inaccurate, and to offer some clarity, we explain why below;

**The Official Figure:** The official Statement of Affairs for Honest Payroll, the document detailing the company’s financial position on the 19th September, showed an outstanding balance of £62,648.76 for PAYE (which includes Income Tax,



Employee NI and Employer NI). This is the amount which would, if it had not been paid, potentially fall into JSL, not £2.5m as the press release intimates.

**Resolution and Payment:** Following the Administrator's appointment, we took remediation steps and immediately instructed that this outstanding employment tax amount be settled by the associated entity using their previous PAYE reference number. This payment was promptly made to HMRC and we then verified the HMRC Tax account of Honest Payroll Limited to confirm all PAYE taxes were settled. In due course, the Statement of Affairs will be updated to reflect that the PAYE liabilities have been cleared and that no amount for PAYE is outstanding. Consequently, no value would have fallen into JSL post-April, contrary to the press release claims.

This action allows us to submit our final monthly compliance report to all recruitment agencies working with Honest Payroll, confirming that all employment taxes were accurately calculated, disclosed to HMRC, and paid to HMRC.

## **2. Immediate Termination of SafeRec Certification**

As a cornerstone of our compliance framework, SafeRec certification is granted solely to a specific legal entity and is strictly non-transferable. Our Terms of Business contain clear, mandatory provisions regarding both insolvency and the unauthorised transfer of business.

- **Insolvency:** SafeRec holds the immediate and unambiguous right to terminate the Agreement if an Umbrella Company enters into administration.
- **Non-Transferability:** Crucially, our contract strictly prohibits the transfer of rights to a new entity without our consent. Furthermore, if a certified company moves workers to an alternative, uncertified intermediary, our terms mandate that certification is stopped immediately.

Consequently, upon the appointment of an Administrator and the subsequent movement of workers, the SafeRec certification, which was held exclusively by the now-failed entity, Honest Payroll Ltd, ceased immediately. It did not, and could not, transfer to any successor company beyond the 19th of September as suggested in the press release provided to the press.

## **3. Protection Under Future Legislation**

We must strongly refute the implication that had this event occurred post-April 2026, recruitment agencies would have faced "significant financial exposure".



Categorically Safe: Agencies and MSPs would be perfectly safe. They would have received the verified monthly compliance report confirming employment taxes have been accurately calculated, disclosed to HMRC, and paid.

#### **4. Our Commitment to Transparency**

SafeRec was founded on the fundamental principle that every party in the supply chain deserves to operate with total transparency and the absolute assurance that all employee and employer taxes are accurately calculated, disclosed and paid to HMRC.

We believe that SafeRec's actions and commitment to transparency demonstrate our reputation as an organisation willing to engage with all parties, having assisted countless workers, agencies and MSPs.

We expect scrutiny from competitors, but we condemn the use of misleading and false information designed solely for commercial gain. The recruitment industry is navigating a challenging period and it deserves better than deliberate misinformation to undermine a system built for tax compliance and agency protection.

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