



GLAA Brief

Issue 88 – December 2025

Changes to umbrella company regulations

This Brief publishes guidance on changes to umbrella company regulations coming into effect 6 April 2026.

Introduction

HMRC has recently published guidance on significant changes to umbrella company regulations which will take effect from 6 April 2026. The changes are being implemented to tackle non-compliance in the umbrella company market.

The changes will make recruitment agencies responsible for accounting for Pay As You Earn (PAYE) and Class 1 National Insurance (NIC) on payments made to workers that are supplied via umbrella companies. Where there is no agency, this responsibility will fall to the end client business.

What does this mean for me?

If you engage workers via umbrella companies, you're responsible for making sure that the umbrella company operates PAYE correctly. If HMRC find an umbrella company has not paid the correct amount of PAYE, HMRC will recover it from you.

Implications if your umbrella company is non-compliant

Alongside the financial risks outlined above, you could also be contravening the requirements and standards of HMRC, resulting in a potential breach of GLAA Licensing Standards which could ultimately result in your GLAA Licence being revoked.

What do I need to do?

To support businesses on how the legislation will work, HMRC has published detailed [guidance](#) ahead of the final legislation. This guidance may change if there are any changes to the legislation.


In addition you can [register](#) for one of HMRC's in-depth webinars to understand implementation requirements and ensure compliance readiness. There is also a recorded

version of the webinar: [Labour supply chains featuring umbrella companies - Are you ready for April 2026?](#)

The [Employment Status Manual](#) has also been updated to reflect these changes [Employment-Status-Manual/ESM2400 Umbrella Companies contents](#).

It is good practice to conduct regular due diligence checks on your labour supply chains. For further guidance read HMRC's [Help with labour supply chain assurance](#).

Further information

1. If you have any queries, please contact the GLAA helpline on 0345 602 5020 or email contact@gla.gov.uk.
2. For the latest news and updates from the GLAA follow us on Facebook:
 www.facebook.com/theGLAA/
3. HMRC have developed an online tool to help umbrella company employees and employment businesses understand pay and tax. The tool is available on GOV.UK: [Work out pay from an umbrella company - GOV.UK](#)