

## Local authorities paying their staff through companies ...

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As the [BBC reports this morning](#):

*Almost 100 permanent posts at local councils are being filled by people paid through limited companies, the BBC has learned.*

*Dozens of high-earners are allowed to make their own tax arrangements rather than be paid through the PAYE system.*

*Public accounts committee chair Margaret Hodge described the situation as a "tax avoidance scheme, which is totally wrong."*

*The Local Government Association said councils adhere to strict HMRC rules.*

PWC have apparently advised one of the councils involved that it is hard to see how the payment through a company can be justified. I have to agree given the facts described. We might learn more in the programme tonight for which this is a trailer. That is [File on 4](#) on [BBC Radio 4](#) on Tuesday, 13 March at 20:00 GMT and Sunday, 18 March at 17:00 GMT. Listen again via the [Radio 4 website](#) or download the [podcast](#). I should add I am on the programme - but have not heard it all and had nothing to do with this part of the story.

What the story does however suggest, in the light of recent similar tales, is that firstly disguising employment through companies is becoming more common place; second the culture of tax compliance is breaking down; thirdly that the language we have to describe such situations is currently inadequate and without sufficient gradation and fourth that there is clearly an issue needing addressing here which is not just about tax avoidance, but about the wholly inappropriate forms we now have for contracting that do not meet the requirements of the twenty first century economy.

I'll be returning to these themes.