

Guidance on the payment of pool money issued jointly by the National Trainers Federation and the Stable Lads Association

1. Background

The payment of pool money is governed by Rule 195 of the Orders and Rules of Racing. Non compliance is a breach which could result in disciplinary action by the Jockey Club.

To comply with this Rule, trainers may only deduct Income Tax from pool money. To pay money correctly without deducting National Insurance contributions, the trainer must meet HM Revenue and Customs (HMRC) criteria.

2. HMRC criteria on allocation of pool money

- 2.1 National insurance is not payable on pool money provided that the following criteria set down by the HMRC are met:
- the payment must not be made directly or indirectly by the employer and the sum being paid does not comprise or represent sums previously paid to the employer or
 - the payment is not directly or indirectly allocated by the employer.
- 2.2 To comply with this, it is vital that the employer or trainer has nothing to do with the allocation of the monies.
- 2.3 Accordingly, the criteria for the division of pool money must be made at yard level, for example, through a committee of employees or, say, for smaller yards by the head lad and another employee.
- 2.4 It is acceptable, however, that the pool money passes through the employer's hands (i.e. through the trainer's Weatherbys' account).
- 2.5 Although trainers must not be involved in the allocation of pool money and should distance themselves from the allocation, trainers should review the criteria agreed by the staff to ensure that the allocation is not discriminatory. Discrimination can be on the grounds of race, sex including pregnancy and maternity, religion, disability or where part time workers (see 5.4 and 5.5) or fixed term workers are treated less favourably.
- 2.6 Records must be kept recording that the formula was drawn up at staff level and when it was agreed. HMRC may require such information upon an inspection.

3. **Advice to trainers**

- 3.1 The following sets out a summary of Rule 195.
- 3.2 Trainers are sent duplicate sheets with the payment on a quarterly basis and this includes a list of all known current employees of the Trainer concerned
- 3.3 Trainers are to complete the return by signing off the agreement – this will be the record of the allocation of the payment as agreed by the employees and shows the date upon which payment is to be made and the amounts that are to be paid to each individual member of staff. If any member of a trainer's staff has been omitted from the list his/her name must be added. This will also apply in cases where a payment is made to any ex-member of staff who has left during the period covered by the payment.
- 3.4 **One copy of the return must be displayed in the stable yard in a place where it can be inspected by all employees. The criteria for the allocation of pool money must also be displayed.** (Note: the requirement for the criteria to be displayed is effective from 24th March 2006 under an amendment to Rule 195(i)(d)).
- 3.5 The other copy of the return must be returned to the Jockey Club office within 21 days of the date upon which the sheets were dispatched (this date will be shown on the sheets).
- 3.6 Unless the Stewards of the Jockey Club raise any objection the Trainer will make the payment as shown on the return not less than 10 days and not more than 21 days after signing and returning the sheet.
- 3.7 Payments may only be made to persons whose names are included in the register of Stable Employees as being either currently employed by the Trainer or employed by him during the period covered by the main payment.
- 3.8 No part of the money may be withheld by the Trainer for payment at a later date (Note: this does not preclude employees from asking trainers to hold the money for them but in such case the Stewards of the Jockey Club expect trainers to deposit the money with a building society or make some other suitable investment so that it may earn interest. Furthermore, any employee leaving must be paid his/her share of the money held in this way at the time of leaving).
- 3.9 **No deductions may be made from Pool Money other than Income Tax.**

4. **Best practice advice for trainers**

Induction

- 4.1 Trainers should advise potential employees of the stable pool money formula when a job offer is being made and should then as part of the induction process new employees should be given a copy of the formula.

Method of Payment

- 4.2 The money should go through the payroll for tax but not for NI. Accounts records should contain a sheet showing the reconciliation of the amount received and the payments out.
- 4.3 All payments should be made by cheque or bank transfer. If in exceptional circumstances an employee requests payment in cash, then the trainer should obtain a signed receipt from the employee confirming payment and the date of payment, specifying what the money is for and the period covered.
- 4.4 If payment is made to a former employee who has already had a P45 issued, there is a procedure as follows. The payment should be made under the deduction of basic rate tax. The ex-employer should accompany the payment with a letter to the former employee explaining that tax has been deducted and a calculation thereof.

5. Advice to Employees

- 5.1 The allocation of pool money is to be agreed by employees. Only those people whose names appear on the Register of Stable Employees as being employed by the trainer can be involved in the allocation of pool money and agreement of the criteria.
- 5.2 Employees are advised that they should agree between themselves a criteria for the payment of pool money. A record should be made of when the criteria were agreed and the criteria recorded in writing.
- 5.3 A copy of the criteria must be displayed in the stable yard where it can be inspected by all employees.
- 5.4 Employees must ensure that there is no discrimination in the allocation of pool money. It is unlawful to discriminate on the grounds of sex (including pregnancy and maternity), race, disability and religion or belief and from October 2006 it will be unlawful to discriminate on the ground of age. It is also unlawful to discriminate against part time workers and fixed term workers (i.e. those on a fixed contract of say 6 months). Employees who are on maternity/paternity or adoption leave should be treated the same as if they had been at work.
- 5.5 Part time workers should be treated the same as their full time colleagues although this can be on a pro-rata basis. For example, if a full time worker is entitled to 10%, then for a similar part time worker working half the week, 5% would be the pro-rata entitlement.
- 5.6 If employees wish to check that the criteria they have agreed are not discriminatory advice can be sought from the Stable Lads Association. If such advice is sought the Stable Lads Association will liaise with the National Trainers Federation to ensure that both parties are satisfied with the criteria.

5.7 The criteria should also specify whether or not payment is made to people who have left or who are working their notice and if payment is made whether this is a reduced proportion.

5.8 Examples of criteria include the sharing of money equally, a share dependant upon seniority, allocation on a percentage of wages or a certain percentage allocated to the employee who does the horse and the remainder shared under a formula.

The criteria could include a provision that employees are not eligible for pool money until they have completed a certain period of employment (for example one month).

5.9 The pool money criteria should specify whom an employee should approach if he or she has a grievance over pool money or wishes to appeal the allocation. It is recommended that the appeal or grievance be handled by a senior member of staff ideally not involved in the initial allocation and that if the matter cannot be resolved satisfactorily at yard level, the employee can seek assistance from the Stable Lads Association although all reasonable efforts should be made to resolve any grievance at yard level.

5.10 Only income tax should be deducted from the pool money by the employer.

Note:

Footnote: Rule 195 refers to pool money as Percentage Money. For ease, we have used the phrase pool money throughout