

What Joint & Several Liability Actually Means.

(And Why It's Changing Behaviour Already).



CEO FOREWORD.

I have spent more than 15 years working across recruitment, payroll and workforce compliance, and I can say with confidence that Joint & Several Liability represents one of the most significant shifts our industry has experienced in a long time. Not because it is simply new legislation, but because it fundamentally changes how financial risk is shared and understood across the supply chain.

For years, compliance has often been treated as something operational, something that sits downstream and can be managed through paperwork, audits or contractual protections. JSL challenges that mindset. It makes clear that where employment taxes are unpaid, responsibility does not stop with one entity. Risk can move upstream quickly, and in many cases it will sit with those who are most financially visible and recoverable.

What I am seeing already is a shift in behaviour. Boards are asking more detailed questions. Agencies are reviewing their PSLs with greater scrutiny. End clients are demanding clearer evidence of PAYE compliance. This is not panic; it is long overdue good governance, maturing in response to structural change.

This white paper is not designed to create fear, nor is it a legal deep dive. It is a practical guide to what Joint & Several Liability really means in day-to-day terms, how risk travels through the labour supply chain, and what “good” looks like in a post-JSL world. My aim is to provide clarity and perspective, drawn from real conversations with agencies and clients navigating this change right now.

At Ovio, we have built our business and our platform around visibility, transparency and operational proof. In a world where HMRC focuses on recoverability rather than blame, evidence matters more than ever. Our role is to help agencies and end clients operate with confidence, supported by real-time insight and robust governance.

My hope is that this guide helps you move from awareness to readiness, and ultimately towards stronger, more resilient governance. Because in a Joint & Several Liability environment, compliance is no longer simply administrative. It is strategic.



Joe Taffurelli
CEO

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Introduction.

Joint & Several Liability (JSL) represents one of the most significant structural changes to the UK contingent labour supply chain in years.

This is not a legal technicality. It is a fundamental shift in how financial risk moves across recruitment ecosystems.

Historically, compliance failures were treated as downstream problems. Umbrella issues. Payroll problems. Someone else's responsibility.

JSL changes that.



If PAYE or National Insurance is unpaid, HMRC can now recover 100% of the debt from whichever party in the supply chain they believe is most recoverable. That often means recruitment agencies and, in some structures, end clients.

This white paper explains what JSL really means in day to day terms, why behaviour is already changing, and what good governance looks like going forward.

No legal jargon. Just practical reality.

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What JSL Really Means.

Under Joint & Several Liability, if an umbrella company fails to pay employment taxes correctly, HMRC can pursue:

- The umbrella
- The recruitment agency
- In some cases, the end client

HMRC does not chase blame. HMRC chases recoverability.

That distinction matters.

In practical terms, agencies may inherit historic tax debt created by third parties. Even where paperwork appears compliant and indemnities exist.

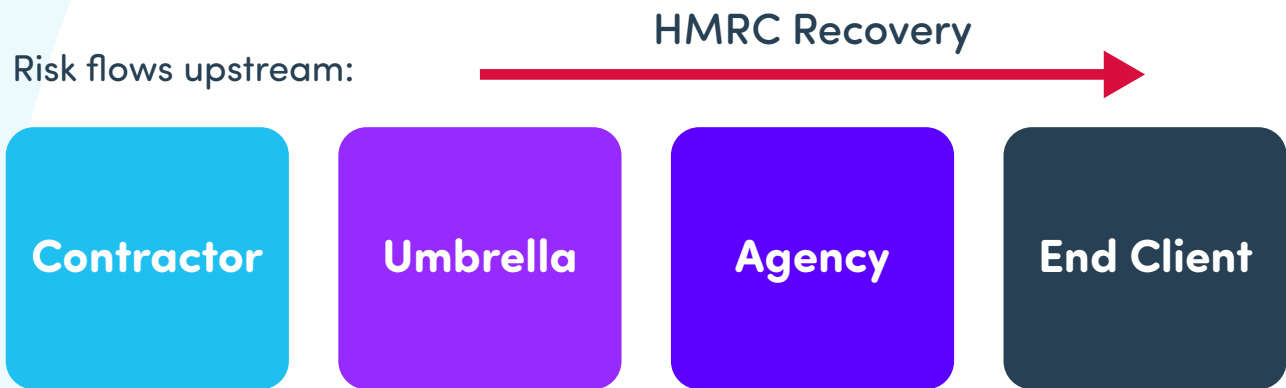
HMRC always gets paid first. Legal recovery happens later.

Compliance is no longer administrative. It is direct financial exposure.

This is why certificates alone are no longer enough. **Evidence now matters more than assurances.**



How Risk Flows Through the Supply Chain.



If an umbrella collapses, disappears, or was never truly compliant, HMRC moves immediately up the chain.

Agencies typically become the first target because they have:

- UK presence
- Assets
- Insurance
- Turnover

Many non compliant umbrellas do not.

Where no genuine umbrella exists, for example internal agency PAYE structures, HMRC may classify the agency as a “purported umbrella”. In this scenario, both the agency and end client may become jointly liable for employment tax shortfalls.

This is already influencing commercial behaviour.

- Agencies are tightening PSLs.
- Clients are demanding PAYE evidence.
- Recruiters are requesting RTI confirmations.
- Boards are asking exposure questions.

People are not waiting for April 2026. They are adapting now.

Real World Impact.

We are already seeing:

- Umbrellas removed mid contract
- Client onboarding paused
- Increased compliance scrutiny
- Commercial leaders driving governance conversations

JSL is changing how businesses think about supplier relationships.

Compliance has become operational infrastructure.

This is not about adding more documents or stronger indemnities. Those do not protect against HMRC recovery.

**This is
about
visibility.**

**This is
about
stability.**

**This is
about
proof.**

The organisations that succeed post JSL will be those who build real time oversight into their supply chains.

The organisations that struggle will be those relying on annual audits and static paperwork.



What Good Looks Like Going Forward.

Strong JSL readiness includes:

- Real time payroll visibility
- PAYE verification
- Worker level audit trails
- Continuous monitoring
- Full supply chain mapping

This is governance maturity. Not compliance theatre.

Good looks like:

**Evidence,
not
promises.**

**Operational
control, not
reactive
clean up.**

**Strategic
partnership,
not
transactional
onboarding.**

JSL demands a shift from awareness to readiness to governance maturity.

It is not a legal tweak. It is a structural shift.



How Ovio Supports A Post JSL World.

Ovio was built specifically for this moment.

Not for how umbrellas worked five years ago.

Our platform delivers real time workforce visibility, clear compliance evidence, transparent PAYE delivery, and supply chain oversight.

Not PDFs in folders. Operational proof.

We are backed by a financially strong group, providing stability that matters more than ever.

We also offer credit terms to agencies, helping reduce cash pressure while maintaining tight compliance controls.

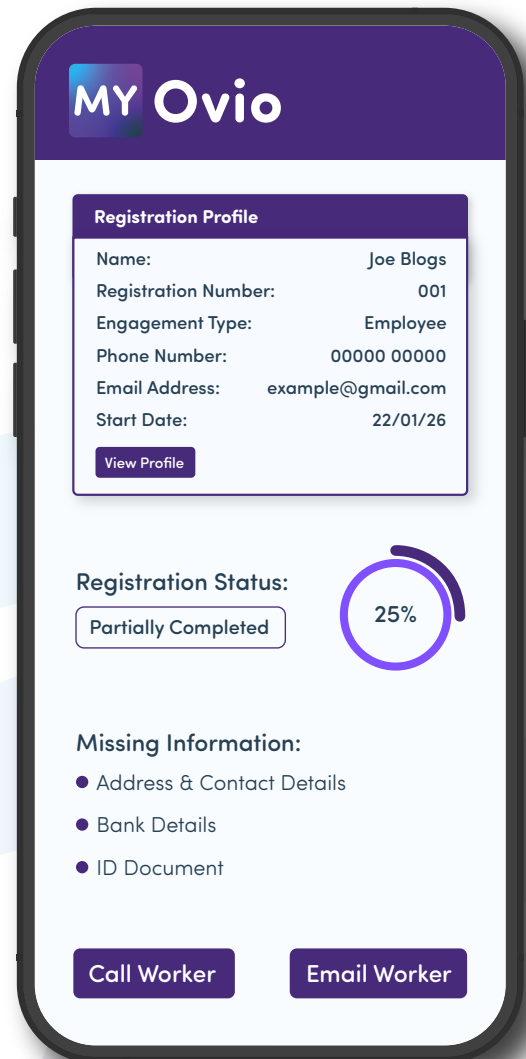
But technology and finance are only part of the solution.

Our team brings decades of experience across recruitment, payroll and workforce compliance. We understand agency realities. We understand client pressure. We understand risk.

Our goal is simple:

To give agencies and clients visibility, control and confidence in a world where risk can no longer be outsourced.

Visibility beats paperwork. Every time.



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