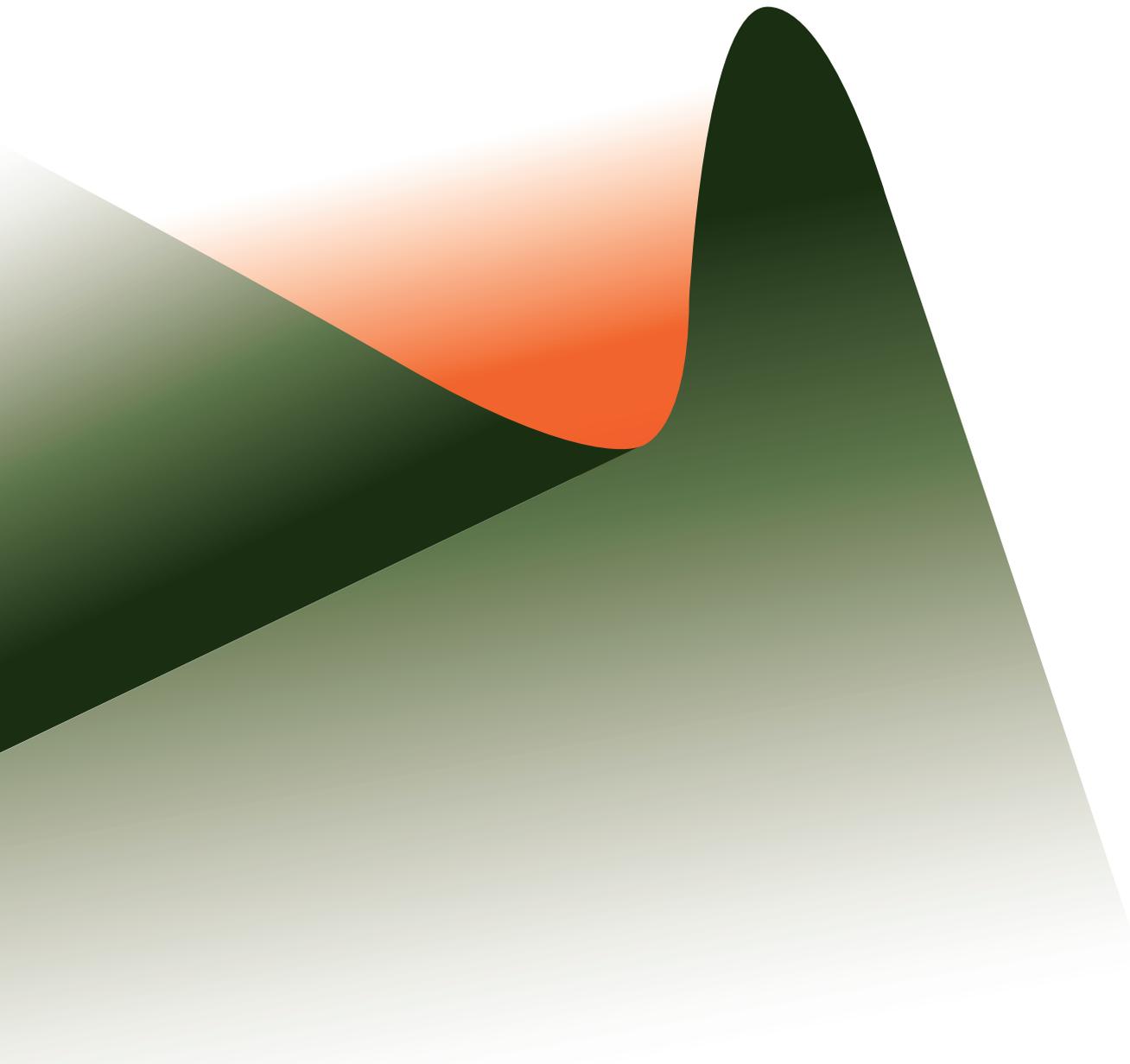


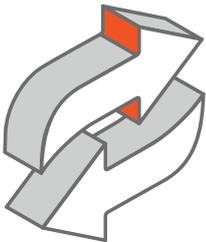
IR35 Changes

What you need to know
October 2020



With the pandemic still causing a great deal of uncertainty throughout the world, pressing workplace issues such as changes to work patterns (including flexible working), redundancies and furlough schemes have rightly taken precedence.

However, within all this noise we must not forget the rollout of the UK's IR35 legislation, which had originally been delayed due to COVID 19, but, despite opposition, will now be rolled out across the private sector in April 2021.



What is IR35?

IR35 is a tax legislation process designed to tackle tax avoidance by workers, and the companies who hire them, who supply services to their clients through an intermediary, such as a limited company, but who would be considered an employee if the intermediary was not used. HMRC calls these workers 'deemed employees'. If a worker or service supplier is deemed an employee, they will have to pay income tax and National Insurance Contributions (NICs) as if they were employed. This has the potential to reduce the worker's income significantly, costing thousands in additional tax and contributions.

What should you as an employer be doing to prepare?

Private sector Hirers need to start preparing now and thinking about their current workforce. It would be advisable to initially decide whether the changes apply to you, dependant on the size of your organisation.

Secondly, you should start thinking about assessing all workers that are currently outside of IR35 first, and then begin by determining their status. If a worker is currently outside IR35 and you have determined that worker belongs inside, you will need to think about how you will proceed should the Contractor be working beyond April 2021.

If you find the worker should be inside of IR35 and working beyond April 2021 then you would need to negotiate with the Contractor as there will be potential cost implications, as well as changes to Contracts and terms. You must also keep in mind the importance of paying the Contractor under the old Contract before the deadline.

Determining status

As the Hirer you will be responsible for determining the worker's status. You will need to decide how you intend to determine the status of the worker, with any considerations such as substitution, mutuality of obligation and other factors.

Although the Contractor can currently decide their status, by assessing workers now, you will be well prepared for April 2021 and will be in a position to negotiate rates without a rushed approach, which could potentially leave you liable should you fail to pass on your status determination to the Recruitment Agency and Contractor.

It is also important that you do not take a blanket approach but try and consider each worker on a case by case basis. HMRC will look behind the contract, so you will need to ensure that your working practices are in line with, and reflective of, the Contract.

We advise liaising with the Agency and the Consultant. Although the Agency cannot advise by reaching an agreement earlier on, this could prevent delays or the possibility of a Contractor disputing the status determined.

How can we help?

As a specialist recruitment organisation working within the heart of the public sector and navigating the public sector IR35 rollout after it was implemented in 2017, Greenacre is well experienced to offer advice and assistance to your organisation.

We are happy to assist in any way we can to ensure a smooth transition and help you in readiness for the roll out across the Private Sector. Contact Rebecca Green, our HR & Compliance Lead, at rebecca@greenacre-recruitment.com for any questions about IR35.



The contents of this document are for general guidance only and do not constitute legal advice. It is not intended to be a substitute for legal advice and should not be relied upon as such. If you are in any way unsure of your circumstances please seek proper legal advice.