

WHAT IS IR35?

IR35 was introduced in 2000 to ensure that individuals operating via a personal service company (PSC) were paying the correct levels of income tax and national insurance contributions, relative to their employment status

The basis of the legislation is to assess the nature of the direct relationship between the end client and worker (removing any intermediaries) to identify “disguised employees” operating through their own PSC

From its inception, it was the contractor’s responsibility to determine whether the legislation applied to each of their assignments

HOWEVER - from 06 April 2021, the responsibility for determining the correct IR35 status will switch from the individual to you, the end client

IR35 BACKGROUND

Finance Act 2000: IR35 introduced into law (Chapter 8 of ITEPA 2003)

Finance Act 2017: new off-payroll measures rolled out to Public Sector – HMRC rebrand of IR35 to “Off-Payroll working” supported by HMRC CEST (“Check Employment Status for Tax”) online tool

July 2019: HMRC draft legislation confirms it will replicate existing public sector rules and apply them to the private sector from 06 April 2020.

March 2020: HMRC postpone the legislation for 12 months

Finance Act 2020: Introduced to Chapter 10 of ITEPA 2003 which received Royal assent on 22 July 2020

April 2021: Legislation confirmed to go ahead!

HOW IS IR35 CHANGING?

The responsibility for assessing **IR35/EMPLOYMENT STATUS IS MOVING FROM THE CONTRACTOR TO THE END CLIENT ORGANISATION**

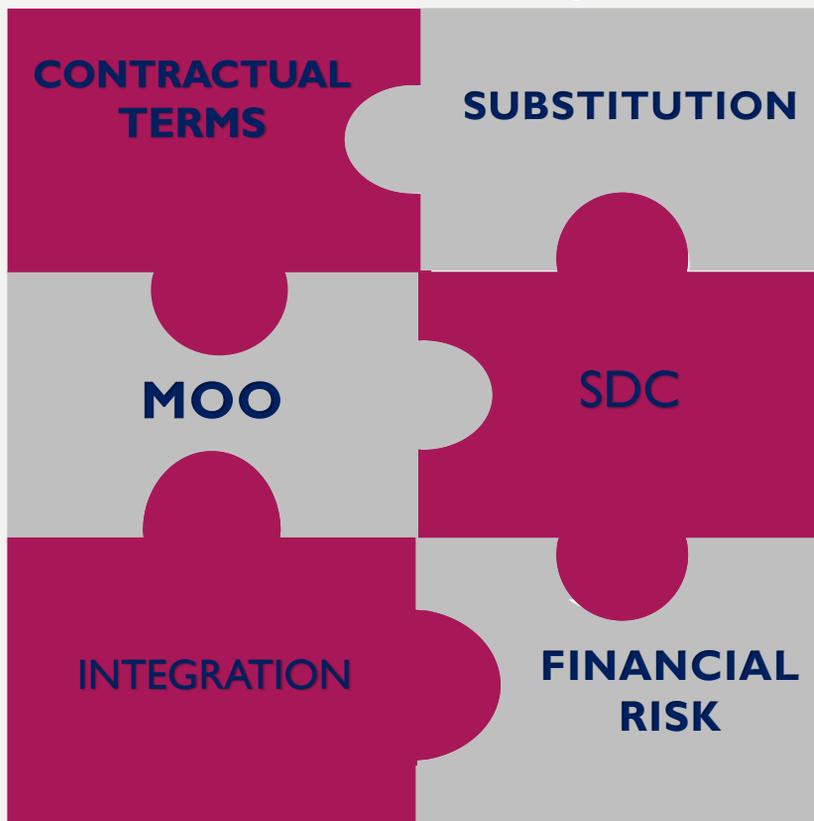
Morson Group end clients will need to:

- Demonstrate “reasonable care” when considering the employment status of their contractors;
- Issue a **Status Determination Summary Statement (SDS)** that clarifies the reasons behind the given determination;
- Ensure that the determination is passed down through the supply chain;
- Have a process for the contractor to appeal the determination

Importantly, the manner in which IR35/Employment status is assessed **WILL NOT CHANGE!**

HOW IS IR35 ASSESSED?

It is important to consider ALL of the following areas



You need to complete the jigsaw to get the full picture

To discuss your options please contact Champion

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