

# IS YOUR BUSINESS READY FOR THE IR35 RULES?



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As the UK government push on with extending the off-payroll working rules in the private sector, from April 2020, the responsibility for determining whether the off-payroll rules apply will fall onto the organisation that is receiving the individual's services.

Whilst IR35 continues to gain greater public awareness the question marks around the legislation and its application remain. HMRC are asking the private sector to apply rules that are complex and difficult to interpret, witnessed by their own recent court case failings.

It's not a one size fits all and it doesn't need to be a change lead by fear resulting in businesses applying a blanket approach and putting all contractors on the payroll. Contracting and freelancing are important to the success of UK businesses and it is vital the changes are addressed fairly.

### Is your business prepared?

If the answer is no, you're not sure or you don't fully understand the implications of these changes, it's important you seek advice now before these changes come into effect.

### What is an IR35 workforce assessment?

Our tax team at Ellacotts are experienced in undertaking tailored workforce assessments to determine your organisations readiness for the IR35 reform. The assessment can help you to understand your new responsibilities as an employer and assist your overall preparation for IR35.

It will include a review of your existing workforce, engagement processes and recommendations for managing the new rules. Each assessment is bespoke and tailored.

In addition to this, we can also advise the end contractor on how the rules will impact them; the personal service company itself.

### What are the benefits of our tailored workforce assessment?

- Understand the true impact the new rules will have on your business
- Detailed information to support discussions within your business
- Presented with practical solutions
- Have more time to implement changes to your contractor processes

- Greater expertise available to assist with advice, before specialists become busier
- HMRC may be more favourable with penalties if they do disagree with your contractor status
- Contractor reassurance and retention due to you actively assessing the position early on

### What things will we need to discuss and consider as part of an assessment?

- How many personal service companies are within your workforce?
- Who is responsible for making decisions on the employment status of your off-payroll workers?
- Who would carry any tax liability?
- Identify the different contractual chains; direct hires, via recruitment agencies etc.
- What are your current processes and systems when you take on a contractor
- Whether any training of your internal resource is required
- How to communicate with your workforce about IR35 in order to retain contractors and avoid walkouts

By acting now and undertaking an assessment of your contractor workforce you will understand the scale of the challenge to your business. It may provide reassurance and limited IR35 exposure. However, if it does suggest the status of your contractors is hard to determine, we will have the time to fully assess the position and use recent cases together with existing HMRC guidelines and tools, to help form a view on a person's employment status.

As the countdown continues, inaction will only put you at a disadvantage. Make sure your business is ready for IR35 and get in touch with our tax team for an initial consultation to see how we can help.

### Meet the team



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