

IR35 CHANGES: ACT NOW!

The Final Countdown before 6 April 2020

THE RULES ARE CHANGING... IMMINENTLY

All businesses involved in the use or supply of off-payroll workers are likely to be impacted by the impending changes to the IR35 rules, due to take effect on 6 April 2020. End users of such workers must determine the employment status of these workers and, where they are found to be employees for tax purposes, may bear the risk of PAYE and NICs.

Although a government consultation has been announced on ensuring "smooth implementation" of the new rules, there has been no indication the rules will be deferred, so businesses must assume the rules will come into force on 6 April 2020.

WHAT IF YOU DO NOTHING?

The risk is that HMRC may now pursue end clients (or other parties in the supply chain) for PAYE and NICs and this could result in significant additional labour supply costs. Even where businesses assume other parties in the supply chain are paying the right amount of tax, in failing to meet their new obligations, businesses may bear the risk of those other parties getting it wrong.

WHAT SHOULD YOU DO?

- **CONSIDER:** Do the new rules apply or, for example, does the small businesses exemption apply? If IR35 does apply, how many workers/contracts will potentially be affected?
- **ASSESS:** Once you have identified the off-payroll workers potentially affected, how will you reach a decision on whether they are deemed employees for IR35 purposes? If workers are determined to be deemed employees, how will this be costed into the supply chain?
- **REVIEW:** How are contracts drafted? Do they provide adequate protection and should they be amended?
- **COMMUNICATE:** Have you opened a dialogue with parties in your supply chain and what is their approach? Is there scope for renegotiating your terms?
- **FUTURE PROOF:** How will future engagements be dealt with? Have your staff received sufficient training to be alive to risks when entering new contracts? Will new policies be adopted and pro forma contracts amended?

HOW CAN WE HELP YOU?

We will deliver tailored solutions to clients impacted by the rules, wherever they sit in their supply chain and however far through the process they are. This could range from a mere 'sense-check' of a business's approach to a full review of their contractual procedures. There is still time to get ready for the changes, but businesses should be acting now.

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