

IR35

FACTSHEET



MARINE
RESOURCES

FOR CLIENTS

WHAT IS IR35?

The HMRC introduced IR35, known as the Off Payroll Working Rules in 2000 to tackle 'disguised' employment; this was then amended in April 2017 in the public sector. From **6th April 2020**, changes to the IR35 will apply to the private sector with rules **impacting clients, recruitment agencies and contractors alike**.

IR35 assesses whether contractors are 'actually' employees when they take on work for clients. If working 'inside IR35' then the worker is classed as an employee and will be liable for income tax and NI contributions. If 'outside IR35' then they do not face this.

How do you determine if an off payroll contractor is 'inside' or 'outside' IR35?

Assessing IR35 encompasses a broad range of factors. The most important to consider are:

- **Supervision, Direction, and Control:** What degree of supervision, direction and control does the client have over the contractor on a day-to-day work basis?
- **Substitution:** Can the contractor send someone else in their place?
- **Mutuality of obligation:** Is the client obliged to offer the contractor work, and are they obliged to accept it?

The End User (Client) is responsible for completing an assessment to determine IR35, Status Determination Statement (SDS) and must be seen to use 'reasonable care' in their decision. Tools have been produced to help with this:

- HMRC's own – (CEST) check your employment status for tax
- Payroll provider options

Note: CEST has had a lot of criticism and does not cover all nuances, leaving assessments open at tribunal.

If an off payroll contractor is determined to be inside IR35 then this will affect the contractors take home pay.

DOES IT APPLY TO YOUR BUSINESS?

Reforms apply to business' (end user client) that meet **two or more of the following criteria:**

1 ANNUAL
TURNOVER
more than £10.2 million

2 BALANCE
SHEET TOTAL
more than £5.1 million

3 NUMBER OF
EMPLOYEES
more than 50



IR35 APPLIES TO ME WHAT DO I NEED TO DO?

1. AUDIT ALL CURRENT OFF PAYROLL CONTRACTORS

To identify who and what roles may be affected by the changes.

2. MAKING SDS (Status Determination Statement) ASSESSMENTS

Each assignment will need an SDS assessment, where the services are provided by an off payroll contractor. The decision and evidence are passed along the supply chain before the time of entering into a contract, or before services begin to be performed.

'Reasonable care' must be observed in making a valid status decision, otherwise it can be open to challenge. Where possible, contractors can be clustered into job types:

3. QUARTERLY REPORTING TO HMRC

Quarterly reports of all off payroll contractors are sent to HMRC.

4. OFF PAYROLL CONTRACTOR CHALLENGES

A status dispute process should be implemented to help resolve disagreements about any status decision reached.

HOW CAN MARINE RESOURCES HELP?

ADVICE & SERVICE

IR35 can seem complicated with so many considerations and assessments to be made.

Don't worry!

By working with Marine Resources and our certified and approved payroll partners, we can remove the IR35 headache.

Our payroll partners will become the 'fee-payer' and are therefore responsible for off payroll contractors Income Tax & National Insurance contributions.

We can assist you with the following:

- Payroll all the contractors in the correct manner
- Supply more reliable assessment tools outside CEST
- Make sure your assignment is assessed (SDS) correctly and fairly
- Help manage administrative duties, such as reporting, documentation
- Help manage challenges

BUT NOT ALL MY OFF PAYROLL CONTRACTORS ARE WITH MARINE RESOURCES?

NO PROBLEM! WE CAN EXTEND OUR SERVICES TO ALL YOUR OFF PAYROLL CONTRACTORS EVEN IF THEY ARE NOT PROVIDED THROUGH MARINE RESOURCES CURRENTLY.

FOR MORE INFORMATION

For government advice:

[gov.uk/guidance/understanding-off-payroll-working-ir35](https://www.gov.uk/guidance/understanding-off-payroll-working-ir35)

To speak with us to help you navigate through IR35,

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Or email us:

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