

IR35 changes - six months and counting...

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IR35 applies when a self-employed individual contracts with a client via a limited company. The client pays the limited company and in turn the limited company pays the individual. One of the benefits of this is that it typically attracts less tax. HMRC is therefore keen to make sure people using IR35 are genuinely self-employed and are not “disguised employees” using the system to reduce their tax burden.

With effect from April 2020, mirroring a change that has already been implemented into the public sector, it will be the responsibility of the end user to determine. In reality this means carrying out an assessment as to whether a contractor you are working with is genuinely self-employed.

That change is coming up quickly on the horizon...

We're now just 6 months away from that change coming into force and, if you've not taken steps already, now is the time to review your existing arrangements with any contractors you work with.

It is important to audit your use of contractors generally, whether they operate via a limited company or not. This is not just a question of looking at what the contract says. This is important; but the “day to day reality” of the relationship is the most important consideration.

Next steps

IR35: Verify - [find out how we can help >](#)

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