

OFF-PAYROLL WORKING IN THE PRIVATE SECTOR

DOES THIS AFFECT YOU?

FOR MORE INFORMATION:

NICK DUFFIN
EMPLOYMENT TAX, PRINCIPAL
+44 (0)161 817 7591
nick.duffin@bdo.co.uk

JACQUI ROBERTS
EMPLOYMENT TAX, ASSOCIATE DIRECTOR
+44 (0)20 3219 4062
jacqui.roberts@bdo.co.uk

THE DRAFT LEGISLATION HAS BEEN PUBLISHED CONFIRMING THE OFF-PAYROLL LABOUR RULES WILL BE EXTENDED TO THE PRIVATE SECTOR FROM APRIL 2020.

THOSE AFFECTED

Potentially all engagers who directly or indirectly engage workers who are paid off payroll usually via a personal service company arrangement.

WHAT WILL THIS MEAN?

Those engagers affected will have to carry out a 'status determination' to confirm if individuals supplied via a Personal Service Company (PSC) are caught by the IR35 rules or not.

The engager will have to confirm on what basis that status determination has been made.

If it is concluded that the engagement should be one of employment (for tax purposes) i.e.a 'deemed employment', a tax/NIC deduction may have to be applied on payments made to the PSC and there will be an Employers NIC charge for the paying party.

There will also be an exemption for small organisations if certain conditions are met.

There will be an appeals process led by the engager or end user of the worker for disagreements on status determinations.

WHAT NEXT?

- ▶ The draft legislation will be subject to parliamentary scrutiny, debate and approval
- ▶ Updated HMRC guidance. It's expected by Autumn this year
- ▶ HMRC to relaunch the online status determination tool (CEST) also in 'late summer'.

WHAT SHOULD YOU DO?

- ▶ Obtain visibility of PSCs in your supply chain
- ▶ Carry out status determinations for PSC arrangements
- ▶ Implement an appeals framework
- ▶ Consider the commercial impact
- ▶ Review current procedures and revise where appropriate
- ▶ Ensure your policies are consistent with any wider company governance obligations.

