

PUBLIC SECTOR OFF-PAYROLL REFORM **IR35**

How to retain your staff and ensure compliant working arrangements

**IR35
Review
result?**

**IR35
Review
result?**

**Passed
IR35 does
not apply**

Retest

Retest

**IR35
Repair**

IR35 changes in the public sector generate significant risks to your organisation. Use this guide to keep hold of your contractors, control costs and mitigate tax risk.

- » Understand what you need to do – right now!
- » Ensure your contractors are 100% compliant
- » Avoid valuable contractors leaving in droves
- » Protect your ongoing projects and operations

1.0 INTRODUCTION

What is IR35 and why does it matter to you?

IR35 is a controversial piece of tax legislation aimed at countering tax avoidance, specifically aimed at the limited company contractors that your organisation hires. Genuine limited company contractors are small businesses who pay tax differently to permanent employees. They do not receive any kind of job security or the employment rights and protections that employees enjoy. But contractors choose to work that way because of the benefits they enjoy from being their own boss.

IR35 was introduced in 2000, and is designed to combat 'disguised employment'. According to HMRC, 'disguised employees' are those workers that HMRC believes would be an employee of the client if they didn't work through an intermediary, such as a limited company.

The taxman argues that someone performing the same role as an employee should be taxed as an employee, even though IR35 is actually concerned with the nature of the working relationship between the hirer and worker.

None of your contractors benefit from – nor desire - the employment rights that exist within an employee-employer working relationship. However, IR35 ensures that contractors whose working practices appear as though they closely resemble that of an employee in HMRC's eyes are taxed the same as employees, reducing their take-home pay by as much as 20% after taxes.

“The taxman argues that someone performing the same role as an employee should be taxed as an employee.”

Following an HMRC inquiry, the contractor may also face substantial amounts in back taxes and penalties, though in the public sector this liability has moved further up the supply chain. To determine whether a contractor is within scope of IR35, complex employment case law needs to be considered. The key tests of employment determining IR35 status – 'control', 'personal service' and 'mutuality of obligation' – are very subjective and require assessment on a case-by-case basis. The IR35 legislation has been a major cause of complication and controversy, and has contributed to HMRC's struggle to meet its IR35 revenue-collection targets for many years. Due to the public sector reforms, IR35 is now no longer only a problem for contractors and HMRC. It has now become a major problem for you.

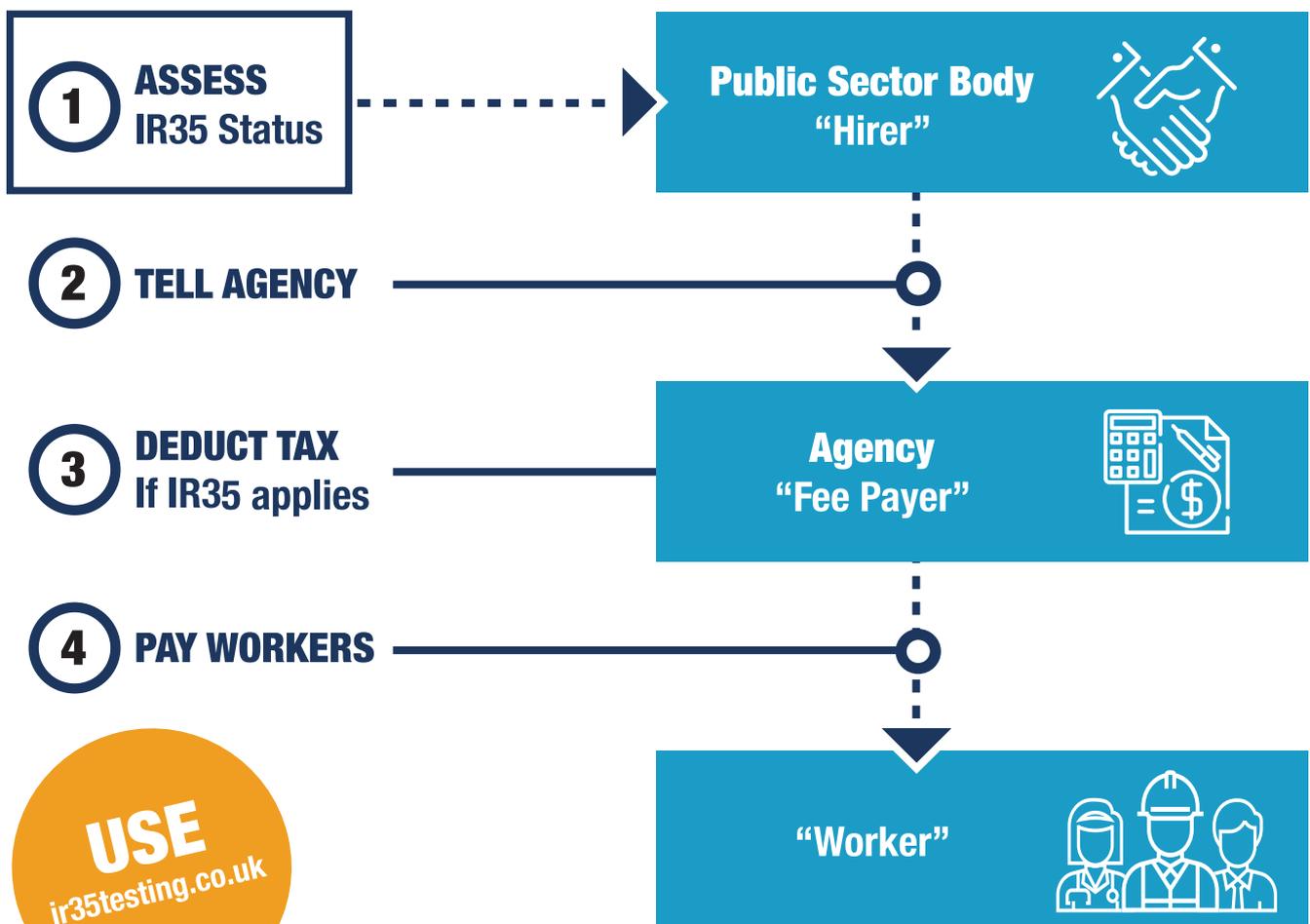
IR35 in the public sector – the key changes

Traditionally, contractors have been responsible for determining their own IR35 status. And their limited companies have been liable for any unpaid taxes and penalties if HMRC investigated and decided that the legislation applied. But, from 6 April 2017 in the public sector, the compliance burden and potential liability for unpaid tax shifts further up the supply chain.

The key changes introduced in the public sector are:

- » As the contractor's end client, **your organisation** is responsible for determining the contractor's IR35 status and demonstrating to HMRC that reasonable care has been taken.
- » If there is a recruitment agency in the supply chain and the contractor is found inside IR35, the agency must calculate, report and process tax at source via Pay As You Earn (PAYE) on each payment made to the contractor.
- » If the contractor engages with your organisation directly, responsibility for processing their tax rests with you.
- » Though the agency is likely to be liable for any outstanding tax if an incorrect IR35 judgement is made, they may legitimately chase your organisation for payment, meaning that if you do not take reasonable care when assessing contractors you could leave your organisation vulnerable to extra cost.

The reforms threaten many challenges for the public sector. Being able to compliantly keep hold of your contractors without incurring significant administrative and financial costs is essential for your organisation.



2.0 OPTIONS AVAILABLE TO YOU

Your options

Following the IR35 reforms in April 2017, public sector bodies must consider how they can mitigate their impact. However, it is clear that the only way to retain your valuable contractor workforce and the skills they offer that underpin your continued service delivery is by following correct compliance procedures.

HMRC's Employment Status Service (ESS) tool

HMRC is encouraging public sector bodies to adopt its online Employment Status Service (ESS) tool. It is convinced that the ESS tool can accurately determine a contractor's IR35 status in almost every instance, and HMRC has confirmed that it will be bound by the tool's decision.

You might believe that HMRC's commitment suggests the ESS is a risk-free solution, but the tool has numerous shortcomings, due to oversights during its conception and design:

HMRC maintains that people doing the same type of work should be paying the same tax – this is not how IR35 works, meaning that the tool is based on flawed logic

- » IR35 is very subjective, meaning HMRC's promise to deliver an accurate outright 'pass' or 'fail' in 90% of cases simply cannot be delivered.
- » IR35 risk needs to be presented along a spectrum – the ESS tool doesn't do this.
- » HMRC wants its results to be binding, meaning it can only really pass a contractor if it is 100% certain that they are outside IR35.
- » This level of certainty is difficult to establish even when IR35 is applied by employment law and tax experts, and it's not in HMRC's DNA to give tax payers the benefit of the doubt.
- » As a result, the ESS tool is likely to fail many outside-IR35 contractors by saying anything without a high pass is inside IR35.

“Experts have warned of the inadequacies of the ESS tool, and contractors have been advised to avoid it.”

Experts have warned of the inadequacies of the ESS tool, and contractors have been advised to avoid it. If you try adopting this as your compliance solution, and try to force your contractors to pay unnecessary tax, you will struggle to attract and keep the high quality knowledge workers you need to maintain your frontline services.

IR35Testing.co.uk

IR35Testing.co.uk is an alternative, automated compliance solution that not only assesses the IR35 status of your contractors, but helps keep them outside IR35. A free-to-access test, contractors have the option to buy a detailed analysis Report upon completing their assessment. If they pass, this can be used to help support evidence to HMRC that reasonable care has been taken in determining their status. If they fail, the Report will instruct them on what could be done to stay outside IR35. They can also purchase the most recently published book on IR35, *Beat IR35*, which will help guide them through the legislation.

We are confident that **IR35Testing.co.uk** is the most accurate IR35 testing tool available. It is underpinned by decades of IR35 experience and employment case law, this solution also provides links to IR35 legal specialists and a chosen insurance provider, offering extensive protection for your organisation and an opinion about IR35 that we believe you and your contractors can be confident in. For more information on **IR35Testing.co.uk**, see section 5.0.



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Forcing contractors into PAYE umbrellas

For many contractors who are forced into accepting inside IR35 contracts, offering their services through an umbrella company will be a cheaper and more straightforward alternative to using their company with the complicated real time information (RTI) process. But if you think insisting that contractors ditch their limited company for an umbrella solution is a valid option, then think again.

Whilst it would eliminate IR35 concerns and any potential tax risk for your organisation, it also means that the contractor would be taxed as an employee regardless of the status of their contract.

There are many damaging consequences of this course of action:

- » Contractors will want to increase their rates by approximately 20% to counteract the drop in net pay.
- » Contractors will likely be eligible for certain employment rights under the Agency Workers Regulations (AWR) after 12 weeks.
- » Existing contractors who are outside IR35 will want to protect their historic contracts by refusing to enter an inside IR35 contract.
- » Many contractors will simply refuse to work this way when their clients haven't taken reasonable care to determine their status.

There's already evidence to suggest this. In January 2017, Transport for London (TfL) is believed to have tried to introduce a blanket ban on limited company contractors, insisting that its contingent workers switch to a PAYE solution or leave. Unsurprisingly, a large number of its contractors indicated that they would walk, leaving many vital infrastructure projects to flounder. TfL apparently reconsidered its decision. Don't risk alienating your contingent workforce by attempting this tactic.

Increase contractor rates

One way to cut out the compliance burden is to offer contractors higher rates of pay to make up for the short-fall in net pay. Clearly this is not a cost-effective option, and threatens to further strain already stretched public sector resources.

Many contractors are expected to increase their rates for contracts that clients determine to be caught by IR35. Our calculations show that contractors will need to increase their fees by anything from 17% to as much as 33% to account for loss of earnings due to the additional tax to be paid to HMRC.

Others will be extremely reluctant to accept an inside-IR35 contract altogether. HMRC's refusal to rule out retrospective action against contracts that are judged to be inside IR35 after 6 April suggests the taxman may investigate contractors for historic contracts. The risk of suffering a 20% tax deduction for earnings from previous years is one that many contractors simply won't take. Attempts to minimise your compliance burden simply won't work. The only way that you will be able to keep your contractors and their vital skills without substantial costs is by establishing their status using independent compliance solutions before taking the necessary steps to ensure they stay outside IR35.

Current rate IR35 does not apply		New rates with IR 35 applied	
Daily		Daily	Increase %
£100		£118	18%
£125		£154	23%
£150		£185	23%
£175		£226	29%
£200		£257	29%
£225		£301	34%
£250		£332	33%
£275	IR35 Applied	£355	29%
£300		£397	32%
£350		£421	20%
£400		£498	25%
£450		£595	32%
£500		£650	30%
£600		£743	24%
£700		£828	18%
£800		£974	22%
£900		£1,120	24%
£1,000		£1,229	23%

Based on 46 weeks per year and an 8 hour day Using tax tables for 2017/2018.
Contract rate required and percentage rise for a contractor to get paid the same net amount after tax having been caught by IR35.

3.0 THE EMPLOYMENT RIGHTS RISK OF FORCING WORKERS INSIDE IR35

Forcing contractors inside IR35

Most contractors have chosen to be small businesses and engage in a business-to-business relationship with their clients. They do not expect or want employment rights. This allows them to work flexibly, win more interesting contracts and operate in a more tax-efficient manner – a fair exchange.

However, if a contractor is forced inside IR35 and is taxed as an employee, then surely they should also receive employment rights, just like an employee? This has been a source of contention surrounding IR35 which could pose problems for your organisation if you don't take the necessary precautions. Forcing your contractors inside IR35 could potentially leave your organisation wide open to employment rights claims.

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Agency Workers Regulations (AWR)

The Agency Workers Regulations (AWR) grant temporary workers employment rights in line with their permanent counterparts. Some of these employment rights are available from the first day of the assignment, such as access to shared facilities at the client's site. Others are provided after a qualifying period of 12 weeks.

These include:

- » The right to equal pay at the same rate as the equivalent full-time permanent employee.
- » Paid holiday leave.
- » Maternity benefits.

Though the AWR and IR35 are separate legislation, being found inside IR35 is likely to substantially strengthen a contractor's AWR claim. To qualify for AWR, a worker must be under the supervision and direction of the client and contracted to perform services personally. However, professional contractors are genuine business undertakings, meaning they are normally outside of the AWR's scope.

Though the tests of employment are different, it is likely that if a contractor is considered to be caught by IR35 and not a genuine business, the same evidence could be used and applied when considering AWR status. As a result, it is likely that an AWR claim by a contractor inside IR35 has a good chance of success. This is one way in which contractors may seek to recoup lost earnings if forced into an inside IR35 contract, which could mean significantly higher costs for your organisation.

Employment Appeal Tribunal (EAT)

You may find that some more savvy contractors will use employment rights claims to strengthen their IR35 defence. This sounds curious, but it's a legitimate tactic that has been successfully used before. For a contractor forced inside IR35, going to an Employment Appeals Tribunal (EAT) delivers a win-win scenario.

Taking their client to court over employment rights will result in one of two outcomes:

- » The contractor loses the case, and has definitive evidence that their contract is in fact outside IR35
- » The contractor wins the case, and qualifies for employment rights from the client, potentially including backdated holiday pay stretching back two years

In reality, the contractor is likely to put forward a weak case to ensure they lose, thus proving they are outside IR35. This defence strategy is bad news all round for all clients, who will incur legal fees as well as potentially paying out for employment rights if the contractor wins the case. This is why it is essential that you take the necessary measures to accurately and fairly determine the IR35 status of each contractor you hire.

	Permanent employee	Self-employed (sole trader)	Worker	Limited Company
Contract type	Contract of service	Contract for services	Contract of service	Contract for services
Permanent or temporary?	Permanent	Temporary	Temporary	Temporary
Does the worker have employment rights?	Yes	No	Some limited rights	No
Means of taxation	PAYE	Via self-assessment	Via self-assessment or PAYE	Via self-assessment
Is the worker controlled?	Yes	No	Yes	No
Does the worker have a right of substitution?	No	Yes	Limited	Yes
Does M00 exist?	Yes	Sometimes	Yes	Sometimes
Affected by IR35?	No	No	No	Yes

4.0 HOW TO KEEP HOLD OF YOUR CONTRACTOR WORKFORCE

Five simple steps to keep your contractors

By now it should be clear that the only way you can comply with the IR35 reforms and retain your contractors is by conducting your due diligence. Failure to do this could result in your contractors increasing their rates, attempting to claim employment rights or even more likely leaving your organisation altogether.

Although it might sound complicated, you can ensure compliance with the IR35 reforms highly efficiently and at no cost to your organisation. Here is our five step action plan to remaining compliant and keeping hold of your valuable contingent workforce and their essential skills:

Step 1

Acknowledge and avoid the big risks

Your organisation has no option but to conduct its IR35 due diligence. The fallout from any other potential course of action would be drastic. We've discussed how contractors are likely to react to being forced inside IR35, or tested using HMRC's ESS tool. Not taking the necessary steps to test your contractors presents three major risks:

- » Contractors increase their rates if found inside IR35.
- » Contractors submit Agency Workers Regulations (AWR) claims to recoup lost earnings from being found inside IR35.
- » Contractors head to the private sector, stretching your workforce and leaving projects at risk.

Step 2

Begin testing IR35 status using [IR35Testing.co.uk](https://www.ir35testing.co.uk)

The first step towards determining the IR35 status of your contractors is to have them independently assessed online. **IR35Testing.co.uk** is an automated solution that can mass test your contractors in a matter of hours. Combining decades of IR35 and employment case law expertise, we're certain that it provides the most accurate IR35 assessment available.

Contractors who use our solution have the option to buy a detailed Test Report upon completing the test for just £25, providing an extensive overview of each factor impacting their IR35 status. Those who receive a strong pass also receive a Pass Certificate and a client sign-off sheet that can be used as evidence to show that you have taken reasonable care in determining their status.

Our 19-point result scale



Step 3

Make changes to keep your contractors outside IR35

If your contractor receives anything below a strong pass, you'll want to make some changes to your working arrangements to mitigate any risk. You may wish to use the tailored compliance observations in the Test Report to inform your own actions if the changes required are relatively straightforward. However, buying a Report also means your contractor can access contract reviews from IR35 specialists via [IR35Testing.co.uk](https://www.ir35testing.co.uk) for as little as £50, due to the upfront analysis carried out by the test.

The specialist can provide further insight in to the required contractual changes needed for outside IR35 compliance, ensuring the new terms are reasonable and reflect genuine working practices. Once the changes have been made, your contractor should be ready to retake our test again and receive the strong pass they need.

Step 4

Plan for any contractors leaving

If you are unable to offer a contractor an outside-IR35 contract, you need to be prepared for the possibility that they will leave. On top of the additional tax burden, many will consider that the threat of an HMRC inquiry targeting them for back taxes is too great.

Many contractors are expected to seek out opportunities in the private sector. Obviously this could place a significant strain on the public sector as a whole, which is why it's critical that you do everything you can to keep your contractors outside IR35. The alternative is that front line services will suffer.

Step 5

Be prepared to defend yourself

For each contractor you hire, you need to maintain evidence to help with a defence, should HMRC ever challenge their IR35 status. This is not only your responsibility but also your contractors'.

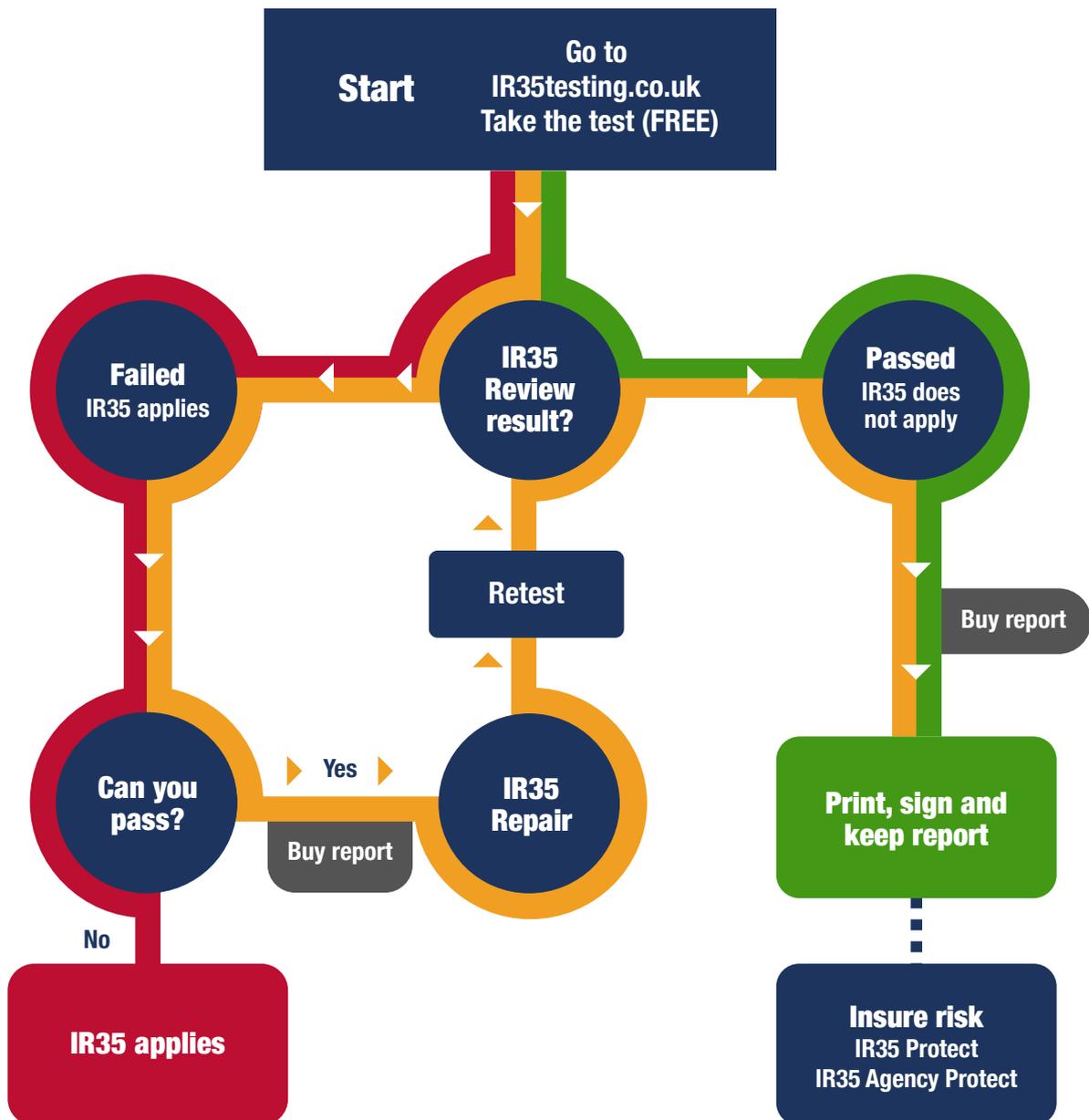
Keep all reports and evidence that they present to you supporting their IR35 status.

Remember, the 30+ page Test Report, Pass Certificate and sign-off sheet from [IR35Testing.co.uk](https://www.ir35testing.co.uk) can all be used as effective evidence should you find that you are subject to an HMRC inquiry. To further mitigate your risk, there are also tax liability insurance options available.

Following this guidance closely will help ensure that your organisation doesn't suffer as a result of the IR35 reforms. If you're ready to start testing the IR35 status of your entire contractor workforce for free, get in touch with [IR35Testing.co.uk](https://www.ir35testing.co.uk) or speak to your agencies to gain access to our services.

5.0 THE IR35 TESTING SOLUTION

With **IR35Testing.co.uk**, you can mass test thousands of contractors for IR35 within the space of a few hours, with a minimum administrative burden and at no cost to your organisation. Our free-to-access solution is your essential first step towards keeping hold of your contractor workforce and their valuable skills without incurring damaging compliance costs:



You can mass test thousands of contractors for IR35 within the space of a few hours, with minimum administrative burden and at no cost to your organisation.

The key benefits of **IR35Testing.co.uk**:

- » **Keep your contractors outside IR35.**
- » **Bulk assess all your contractors within hours – for free.**
- » **Gain expert insight to help your contractors stay outside IR35 and obtain key evidence to help defend against an HMRC inquiry with a detailed analysis Report.**
- » **Minimise any potential tax liability risk without increasing your administrative burden.**
- » **Protect your organisation against an HMRC inquiry by demonstrating that you have conducted due diligence.**

With little time for public sector organisations to implement compliance procedures, our tool provides a prompt and cost-effective means of IR35 testing. However, beyond simply delivering an IR35 status result, it also actively helps you and your contractors to increase their chances of avoiding IR35, thus helping you to retain your valuable contingent workforce.

After receiving an initial assessment free of charge, each contractor has the option to buy a comprehensive 30+ page Test Report. This includes an extensive set of observations highlighting how they can alter their working practices to stay outside IR35. Remember, keeping your contractors outside IR35 could be the key to keeping your contractors altogether.

With the Report, your contractor can secure cost-effective contract reviews from our chosen IR35 expert partners, with deductions offered based on the extensive upfront analysis already carried out by our test. For absolute protection against IR35 tax risk, your contractor – or your organisation if there isn't an agency in the chain – may qualify to buy insurance from our chosen insurance provider based on the result of the test.

...a prompt and free-to-access means of IR35 testing.

The test as developed by the team at ContractorCalculator, founded by its CEO Dave Chaplin. A former IT contractor and Masters level mathematician, Dave has a unique combination of 30 years programming experience and 17 years' knowledge of employment case law. The test has also pooled the collective expertise of numerous employment law and IR35 specialists since it was released in 2009. The tool has been used by over 100,000 contractors to help them make decisions on their IR35 status.

Our system is fully automated and online 24/7. It doesn't matter whether you have to assess ten contractors or 10,000. Our solution is fully scalable, meaning we can have your contractor workforce tested and evaluated within the space of a few hours. All of this helps to ensure that **IR35Testing.co.uk** provides you and your contractors with the most efficient and precise IR35 assessment available.

We can have your contractor workforce tested and assessed within the space of a few hours.

IR35Testing – how does it work?

Assessing the IR35 status of your contractors is the first step required to both keep you compliant and to demonstrate to HMRC that you have taken reasonable care. Most importantly, it's essential to ensure you can continue to secure the vital skills of your contingent workers.

Accessing IR35Testing.co.uk is remarkably easy. A cloud-based solution, our online IR35 test is freely accessible to contractors, meaning you can mass test your contingent workforce at no administrative or financial cost. Visit us online to find out more.

“For the ultimate protection they can purchase insurance and eliminate any potential tax liability.

Once your contractors have taken the test, they have the option of purchasing a comprehensive 30 page Test Report detailing all of the factors behind their status judgement. Those who pass also receive a Pass Certificate and a sign-off page for you to complete, proving that you have taken reasonable care in assessing their status whilst further strengthening your case against any potential HMRC inquiry.

For contractors who don't pass the first time, you can use the Test Report to inform your next move. By acting upon the compliance observations, you and your contractor can alter their working practices to help move them outside IR35. At this stage, depending on the result it may be advisable to work with an IR35 legal specialist, who will also review the contract paperwork. With our IR35 Report, and using our selected partners, these reviews start from only £50 – a cost that can be borne by the contractor.

“It's essential to ensure that you can continue to secure the vital skills of your contingent workers. Accessing IR35Testing.co.uk is remarkably easy.

If your contractor is sourced via an agency, for the ultimate protection they can purchase insurance and eliminate any potential tax liability. IR35Testing.co.uk partners with a specialist insurance provider who is easily accessible via our site. If there is no agency in the chain, then you can purchase this insurance yourself.

What's in the IR35 Test Report?

The 30+ page Report includes a comprehensive set of compliance observations which you and the contractor can use to alter their working practices to mitigate their IR35 risk. It also provides tailored commentary explaining the impact that each answer has on the contractor's test result. Every aspect is examined, meaning that you and your contractor know exactly what needs to be done to keep them outside IR35. Our questionnaire covers each factor impacting IR35 status in detail.

The test summary provides an overview highlighting how well your contractors fared in each of these categories. Whilst each contractor's overall IR35 risk is presented on a 19-point scale, for the three main factors contractors will receive an outcome on a seven-point scale, ranging from anything between a 'strong pass' to a 'strong fail'.

Every aspect is examined, meaning that you and your contractor know exactly what needs to be done to try and keep them outside IR35. Our questionnaire covers each factor impacting IR35 status in detail.

The element of control is broken into four further sub-sections (how, what, where and when), each of which are assessed separately. All of the other secondary factors are presented on a good-neutral-bad scale. All of this contributes to a forensic analysis that examines each aspect of IR35 in meticulous detail.

If your contractor passes the test, they will receive a test Pass Certificate within their Report, along with a sign-off sheet for you to complete. This enables your contractor to compliantly pay tax as outside IR35, meaning you retain their valuable skills without incurring excessive overheads. The contractor's Pass Certificate and your sign-off sheet also act as effective proof that you have taken reasonable care, helping to aid your defence against any potential HMRC inquiry.

IR35TESTING.CO.UK
The IR35 compliance solution

IR35

Test Report

Result: **PASS** Unique Test Number: **8345336**

Test date: 01 February 2017 Company: Lime IT vs Justin

TESTING.CO.UK
The IR35 compliance solution

Certificate

ing certifies that
Lime IT vs Justin

ing services to
01 January 2017 and 01 January 2017
ed a test related to that contract on
bruary 2017

Test completed by
Mark Flanagan on behalf of
Lime IT vs Justin

Unique Test Number
8345336*

* To check the validity of this test please visit
<http://www.IR35Testing.co.uk/Validate>
and enter the Unique Test Number

30 PAGES

Test Result – Summary

Result: PASS

indicate that there are strong pointers that the IR35 legislation does not apply to your contract.
of the individual areas is shown below, and specific commentary and observations are provided on the
next to your answers.

Pass-Strong, you can relax, as everything will be in order. Just make sure that the reality continues to reflect
Pass-Medium and Pass-Weak, some changes are required to strengthen your position, which may require
HS legal expert. But the situation doesn't need a complete reworking and overhaul.

ones we recommend you seek expert advice from a qualified IR35 legal expert. The Fail-Weak and Fail-
recoverable with some relatively minor changes. Elements that are Fail-Strong will need some professional
advice – and the client (and agency if there is one) will need to be open to idea of change.

Factors - Results

Factor	Result	Status
Control	Pass - Strong	✓
Engagement	Pass - Strong	✓
Substitution	Pass - Strong	✓

Other Factors - Results

Factor	Result	Status
Risk	Good	✓
Parcel	Neutral	–
Control on own	Good	✓
Control	Good	✓
Control of parties	Good	✓
Control	Good	✓

Factors which affect your IR35 Status

Determining whether IR35 applies to a contract (or is caught by or 'inside' IR35) depends on whether there is evidence to suggest that the contractor is a 'disguised employee' and can only be ascertained by examining the actual working arrangements. One then has to stand back and consider the whole picture to arrive at the decision.

The main factors in an IR35 decision are personal service / substitution, control, and mutuality of obligation. Other important factors include financial risk, part and parcel, being in business on your own account, provision of equipment.

Substitution / Personal Service	Control	
<p>Do you have to provide the services personally?</p> <p>Can you send someone else in to do the work?</p> <p>Do you source and pay your substitute?</p> <p>Can the client refuse?</p> <p>Do you have an unqualified right to substitute?</p>	<p>HOW Are you instructed how to complete the work?</p>	<p>WHAT Working on a role? Working on a project? Can you be moved?</p>
	<p>WHERE Can you carry out the work where you want?</p>	<p>WHEN Discretion over hours? Any restrictions? Permission for time off?</p>
Mutuality of Obligation	Other Factors	
<p>Is the client obligated to provide you with work?</p> <p>Are you obliged to accept work offered to you?</p> <p>Do you have to work during termination periods?</p> <p>Can you be let go as soon as the project finishes?</p> <p>Do you get paid for time or work done?</p>	<p>PART AND PARCEL Are you treated and behave like one of the employees?</p>	<p>In business on your own</p> <p>Financial risk</p> <p>Equipment</p> <p>Intention of parties</p>

Want to take the test?
Then visit www.ir35testing.co.uk

IR35TESTING.co.uk
The IR35 compliance solution

IR35Testing's algorithm – how it works

Since it was originally released in 2009, our IR35 test has been significantly overhauled, doubling the number of questions to 101 for our most rigorous and precise IR35 evaluation yet. Pooling a unique combination of IR35, employment case law and software development expertise, we are confident that our test provides you with the best possible chance of keeping your contractors outside of IR35.

Our test provides the same answers as all 21 IR35 court cases there have been to date.

The key features of the algorithm:

- » Based on decades of IR35 and employment case law expertise
- » Regularly updated in accordance with latest IR35 tribunal outcomes
- » Weight-based algorithm based on 17 years' analyses of IR35 cases
- » Subject to seven years of ongoing development and used by 100,000 contractors
- » Assessment based on answers to 101 questions
- » Accurately presents each contractor's IR35 risk along a 19-point scale

There are few factors that alone indicate that a contractor is either outside or inside IR35, meaning the only way to present an accurate evaluation of IR35 status is by displaying a contractor's risk along a spectrum. This is why **IR35Testing.co.uk** displays each contractor's level of IR35 risk along a 19-point scale, where a contractor may receive:

Questions are aligned with case law and answers are carefully correlated to build a detailed understanding of each contractor's IR35 status. The results are then assessed using a bespoke algorithm that has been developed with over 30 years of commercial software development expertise.



This highly complex weight-based algorithm is fine-tuned to reflect the latest IR35 tribunal cases, following close liaison with IR35 and employment case law experts to help achieve continued accuracy. Indeed, our test provides the same answers as all 21 IR35 court cases there have been to date.

Specialist insurance for comprehensive protection

For absolute certainty and peace of mind, we can put you in touch with our chosen insurance provider who is readily accessible once your contractors have achieved their pass result. Our IR35 test has been checked by underwriters who are confident in its accuracy and are prepared to provide protection based on the test result alone.

An IR35 Pass Certificate will be all your contractor needs to guarantee protection in the form of tax protection cover (TPC), comprehensive protection that includes a rigorous tax defence against an HMRC inquiry and full cover against any negative tax assessments.

IR35TESTING.CO.UK
The IR35 compliance solution

Certificate

IR35 Testing certifies that

Lime IT vs Justin

Is providing services to
Alenia Marconi Systems

via the agency
Executive Recruitment Services Plc
Between **17 April 2000** and **10 April 2001**
Completed a test related to that contract on

01 October 2002



Test completed by
Lisa Fernley on behalf of
Lime IT vs Justin

Company Number: **03964306**
Unique Test Number

8345336*

* To check the validity of this test please visit
<http://www.IR35Testing.co.uk/Validate>
and enter the Unique Test Number and test date

HOW YOU CAN ASSESS ALL YOUR CONTRACTORS FOR IR35 STATUS

In a single day and it's free.

IR35Testing.co.uk

The Ultimate Compliance Solution

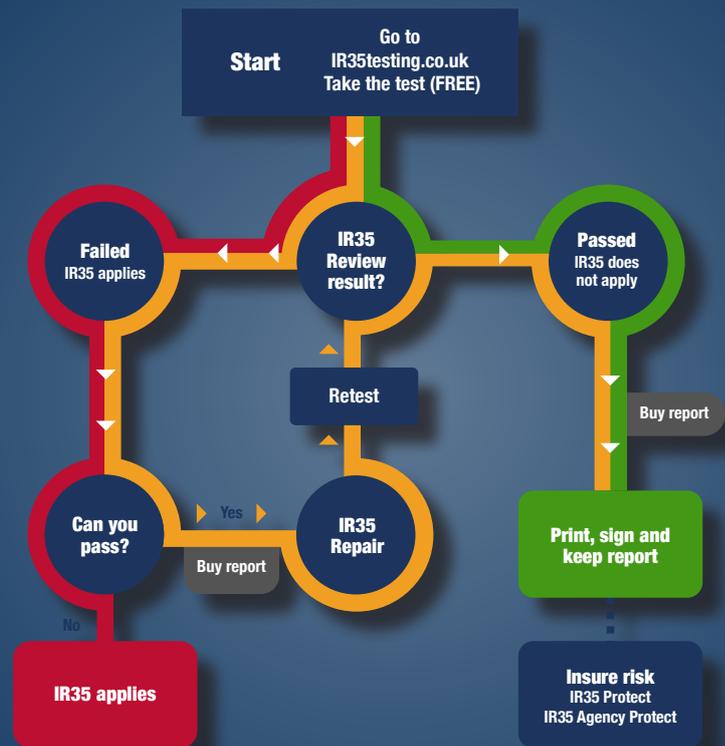
Available for hirers, contractors, and agencies.

Delivers fast and accurate online assessments within minutes.

Minimise risk and admin compliance overheads.

Access to professional IR35 support services and insurance.

Real time online access to results and management dashboard.



How to get started

Visit www.ir35testing.co.uk/setup to create your own free IR35 testing solution in minutes. Then immediately start testing your contractors. Contact us at www.ir35testing.co.uk/contactus for further information.



Over 25,000 passes
Used by over 100,000 contractors



20+ years
Over 20 years software development experience



Built in 2009 and frequently refined to align with latest IR35 legislation



Highly accurate and comprehensive IR35 test