

Exclusive interview: conservative MP Villiers offers hope for contractors on MSC attack

In an interview with ContractorCalculator, the Honourable [Theresa Villiers](#), Conservative MP for Chipping Barnet, tells us that there is still hope for some improvement on the MSC attack by the Treasury.

The Treasury proposes to penalise contractors who use [managed service companies](#)-- companies run by third parties on their behalf. The London-based [Institute of Chartered Accountants](#), and the London-based [Professional Contractors Group](#) have both been deeply critical of the new law. Most problematic are the sections of the proposed law that concern third party liability--making agencies and recruiters liable for tax debt if the managed service company fails or does not pay it---and the part that targets accountants who also become laible if they are deemed to be running companies for contractors--the official text targets anyone "involved" with the company.

Chances for Change

"Although the amendments we proposed on April 30 to the MSC legislation were voted down, there is still a chance that the bill can be modified when, in two weeks, it goes before the Public Bill Committee," Villiers told ContractorCalculator.

"We have the greatest chance for change in the sections on third-party liability and on the role of accountants. The [Law Society](#) expressed concern that the test of involvement is 'enormously wide.' The question that contractors up and down the country must ask is whether their professional advisers could fall within the category of an MSC provider. It is not an easy question to answer. It is highly likely that, under the provision as drafted, it would take at least a couple of cases going through the courts to determine the answer, and the uncertainty surrounding this text should have been a sufficient reason for postponing the implementation of those proposals until they have been fully thought through."

Villiers has been outspoken about the terrible effect this legislation would have on the contracting industry. We asked her if this was a disguised attack on the industry by the Government?

"No, we don't believe that it is a deliberate attack on the industry, but the measures as they've been proposed have the same effect as if it were a deliberate attack," Villiers says."

"The government is however hammering the industry with laws that risk both penalising a great number of contractors unfairly, and also hurting UK plc's overall ability to compete in a global market," Villiers insists. Villiers reminds us that the Professional Contractors Group has repeatedly called for the changes she has outlined.

John Kell, policy spokesman for the [Professional Contractors Group](#) expresses his entire support for Villiers position, and concurs that PCG will be carefully monitoring the Public Bill Committee reading in two weeks. Kell reminds readers that this is the time to express support for Villiers, ideally by writing her. One of the principal Labour supporters of the bill is the Honourable [Stephen Hesford](#), Wirral West. Contractors in his constituency are urged to write to him and protest the measures.

Says Kell: "There is still time to campaign against this."

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