

Exclusive: Conservatives pledge to support contractors and flexible workforce

A Conservative government would review [IR35](#), implement the [Agency Workers Directive](#) from scratch and totally transform government's relationship with business, says [Jonathan Djanogly](#), Shadow Minister for Corporate Governance and Solicitor General, in this exclusive interview with ContractorCalculator.

"The regulatory atmosphere for business has become totally over the top," explains the MP for Huntingdon, "and it's not just over-regulation but the very process by which government consults with business."

Djanogly has told ContractorCalculator that:

- o [IR35](#) will be reviewed and amended or replaced by a Conservative government
- o [Income shifting](#) proposals are just another tax increase for small business
- o Contractors can and must act now to delay the implementation of the [Agency Workers Directive](#)
- o A Conservative government would start again with the Agency Workers Directive.

Regulatory atmosphere 'over the top'

Of course these statements should be seen in the light that politicians of all parties are currently preparing the ground for a coming general election, but Djanogly insists that regulatory review is a core policy of the [Conservative party](#).

He says an ongoing series of reviews has been commissioned, the most recent being the [Arculus Review](#), which published its findings in May. And according to Djanogly, who has practical small business experience from running his own law firm, government's relationship with business must change: "The very process of how government operates and consults with business will be reviewed and changed."

IR35 will be reviewed - and replaced or amended

Djanogly has confirmed that IR35 is on the list of legislation that will be looked at hard by a Conservative government. "We fully understand that self-employed people have concerns that they are being pulled into the employment sphere by IR35, and that the existing legislation must be reviewed," he says.

"We have to ask whether we should simply scrap IR35 and return to pre-2000 conditions, or whether we should amend the legislation. We are aware that there will be unintended consequences if IR35 is simply scrapped, with nothing to replace it."

Income shifting is just another small business tax

"The Conservatives are aware that the government has draft [income shifting](#) proposals," continues Djanogly. "These would constitute yet another tax increase and place an increasing regulatory burden on small businesses."

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Jonathan Djanogly, Shadow Minister for Corporate Governance

The government has not indicated whether it still plans to make further proposals for introducing income shifting into this session of parliament, and Djanogly says that any future Conservative government would take a long hard look at the proposed legislation as part of its wider review of regulation.

Implementation of the AWD must be delayed

Djanogly, who claims to be in regular contact with the many stakeholders of the Agency Workers Directive, says: "We have accepted that the deal is done and the Agency Workers Directive will be put into law. The reality is that different organisations have very different views on its implementation.

"However, the one thing that very nearly everyone agrees is that we should be calling for a delay in its implementation. This is for two reasons. Firstly, with the current economic climate, it is the wrong time to introduce further regulation that increases costs for business.

"And secondly," he continues, "we should wait to see how other countries implement the directive first. The UK will be the country most affected by the directive, so why should we be the first to implement the legislation?"

Only by increasing pressure on government via the [AWD consultation](#) being run by the Department of Business Innovation and Skills ([BIS](#)) can the process be delayed, Djanogly feels. As such, he urges ContractorCalculator readers to [respond directly to BIS](#) before the

31st July deadline, and also write to their MPs asking them to put pressure on the government.

Start again 'from scratch'

Assuming the AWD is delayed, what will the Conservatives do if they win the next election? "We'd start the entire process again from scratch and look at the directive's implementation in the context of the economic conditions at the time," insists Djanogly.

"We are concerned that, at a time when unemployment is soaring and business is screaming for less regulation, it is an inappropriate time to be increasing regulation."

"Most employment regulations are led by Europe," concludes Djanogly, "and Conservative MEPs consistently stand up against oppressive regulation and for the rights of flexible workers.

"With a significantly expanded team following our recent European election successes, we will continue to fight for the UK's position."

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