

Thought leadership for contractors: contractor taxation - the way forward

ContractorCalculator would like to introduce a new section on our site dedicated to thought leadership for the contracting industry - '[Contractor Taxation - The Way Forward](#)'.

Crisis and Transition

This industry, in the UK, is currently in a time of crisis and of transition.

We have experienced repeated reviews of our taxation status from the Treasury, and have suffered the consequences ([IR35](#), [Section 660a](#), [MSC](#), etc). This has precipitated a crisis, but is also generating a transition to new concepts for handling how we pay our taxes. A new body of thought is growing up which calls for an entire review of the traditional opposition between 'employed' and 'self-employed.'

Best Analysis of Threats to Contractors

Our thought leadership section is designed to bring the best in current thought on these issues from the experts who are most concerned with determining them, whether it be in understanding IR35 and [Managed Service Company](#) law in the form it currently exists, or in elaborating new ideas that will determine new ways to share the tax burden more equally between the employed and the self-employed.

The European Threat

We will also look closely at the threats and opportunities which European regulation poses for our industry. Contracting in UK style is foreign to the Continent. In trying to build rules for pan-European contracting, Europe risks creating conditions in which contracting cannot exist. It is important to follow this process, so that contractors in the UK can intervene at the appropriate points, and prevent the loss of precious freedoms.

“ Our industry is in a period of crisis and transition ”

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But the UK contracting industry is in transition in more respects than in just the fiscal area. With about 250,000 contractors now operating in the country, the industry has grown rapidly, and is now growing exceptionally rapidly. The causes of this are manifold.

Better Pay, Better Life, Better Work

Better pay is of course the most clear cut reason for the change. But several surveys of the industry have shown that it is not the only motivator. Desire for a more flexible lifestyle is just as important to most contractors. What is equally important is that contractors get a better choice of work than employees do. Many contractors are able to select the jobs which they believe will improve their own skill sets and which will challenge them intellectually. By definition, contractors are not time servers, and this makes an immense difference to their quality of life.

Skills Shortage and an Adaptive Economy

Further driving the development of contracting in the UK is the increasing need for industry to be able to adapt quickly to changing global conditions. Contracting allows companies to change labour structures much more quickly than does full time employment. Some economists predict, as a result, that the workforce will comprise 40% contractors within ten years.

But at the same time, our economy is desperately in need of more skilled workers. The skills shortage, especially in high-tech areas, has now reached a level of about 25% according to the Office of National Statistics. This creates huge opportunities for contractors, but also challenges them to stay at the cutting edge of their specialties.

Our thought leadership section will look at all of the factors that affect the development of the contracting industry in the UK. We will find the best expert sources, and interview them on all these topics. We will track the very latest evolution of contracting in the UK here on ContractorCalculator.

Watch this space if you want to stay with it.

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