

Contractors resent treasury attack, JSA poll shows

The vast majority of contractors in the UK resent the managed service company attack by the Treasury, and indeed feel unjustly singled out by it.

Legislation Goes Too Far

That is the result of a survey by the Watford-based [JSA group](#), an accounting firm which specialises in contractor affairs. The survey shows that the majority (73.25%) of contractors think that the impending legislation to effectively outlaw [managed service companies](#) is unjustified and that it reflects an overall distrust of the self-employed by the British Government.

Over half (59.3%) say that they don't fully understand the proposed legislation or the Government's reasoning behind it. Yet more than half say that they are now considering permanent jobs because they expect to earn less as a result of the new laws.

Contractors Don't Have To Earn Less

In fact, there is no reason for contractors to earn less as a result of the legislation, but it does require them to ensure that the administration of their own [limited companies](#) is compliant.

Yet an inescapable paradox emerges: the Government pays regular lip service to improving the conditions for flexible work, but at the same time it passes a law that attacks the best part of the flexible workforce. Surely a new approach is needed!

The Way Forward

Barry Roback, CEO of JSA, explains the way forward: "The impending changes have created a lot of extra work - both for contractors and their accountants - without any obvious advantage to anyone."

Roback points out that the law attacks a far part of the contracting industry than it was originally intended to do. "Admittedly there were some rogue operators among firms operating managed service schemes and probably the odd contractor who had pushed credibility to the limit, but it would seem that the Treasury has got the scale of the problem out of proportion."

The way forward would have been to create new tax legislation that is directed to dealing with a flexible workforce. "We should stop worrying about whether a contractor is somehow an employee or not, and start finding ways to adapt tax legislation to workers who move from one company to another. In this way, we would have a tax system that will work in the future economy where, by all accounts, nearly half the workforce will be contractors."

“ The impending changes have created a lot of extra work both for contractors and their accountants without any obvious advantage to anyone. ”

Barry Roback - JSA

Contracting is the basis of a new lifestyle, one that will become more and more common in the future as it allows people to enjoy a better quality of life, Roback insists.

"It doesn't matter how often we tell Treasury officials that the majority of contractors are self-employed because that choice offers a lifestyle that suits them, they refuse to believe it. I suppose if you have spent your life in the stable environment of the civil service, it may seem difficult to understand why anyone would choose the comparative insecurity of contract work. But the simple fact is that they do, and their motivation is not necessarily purely financial."

If the Government is to make any real effort to promote the flexible workforce, surely this would be a good place to start? "It would be a good time to see some positive efforts for the contracting industry," Roback concurs.

“ We need to start finding ways to adapt the tax system to a flexible workforce ”

Barry Roback - JSA

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