

## IR35 history & overview

### Introduction

"IR35" is a piece of tax legislation announced in 1999, which took effect from April 2000. (See [What is IR35?](#))

The legislation means that HMRC can tax some contractors as though they are employees of their clients. For those caught it means paying significantly more tax.

This article provides an IR35 overview and lists the key events in the history of IR35.

### 1999 - IR35 History

Event	Date	Detail
IR35 measures announced.	Mar 1999	Initial <a href="#">HMRC IR35 press release</a> announcing the measures to counter tax avoidance in the area of personal service provision with the intention of them taking effect from April 2000.
<a href="#">PCG</a> formed.	May 1999	<a href="#">PCG</a> formed to combat the IR35 proposals.
Modified IR35 measures announced.	Sep 1999	Second <a href="#">press release</a> detailing a <a href="#">modified approach</a> based on consultations: <ul style="list-style-type: none"> <li>o onus on the service companies to follow rules;</li> <li>o service companies to collect the tax rather than the clients.</li> <li>o Existing tests for self employment to be used.</li> <li>o Flat rat of 5% allowed for non Schedule E expenses.</li> </ul>
Passed in Commons.	Nov 1999	After peers backed down, the <a href="#">Welfare Reform and Pensions Bill</a> (which contained IR35) passed in the house of Lords.

### 2000 - IR35 History

Event	Date	Detail
Revenue publishes IR35 guidance.	Feb 2000	HMRC publishes <a href="#">FAQs for IR35</a> .
IR35 becomes law.	Apr 2000	<a href="#">Finance Act</a> published – <a href="#">schedule 12</a> being specific to IR35.

### 2001 - IR35 History

Event	Date	Detail
Judicial Review	Mar - Apr 2001	<a href="#">PCG</a> took HMRC to a <a href="#">Judicial Review</a> .  High Court <a href="#">dismissed</a> the PCG and IR35 remained law.
First IR35 case loses.	Aug 2001	Battersby versus Campbell.  First case to go before Special Commissioners is lost.
Second IR35 case loses.	Dec 2001	<a href="#">F S Consulting Limited vs McCaul</a> .  Second case to go before Special Commissioners is lost.
Judicial Review - Appeal	Dec 2001	Judges dismiss appeal by PCG.

### 2002 - IR35 History

Event	Date	Detail
<a href="#">PCG</a> focuses on case law	Jan 2002	<a href="#">PCG</a> drops legal fight with HMRC to focus on case law.
First IR35 case won.	Oct 2002	<a href="#">Lime IT vs Justin</a> .  First case to be won at the Special Commissioners.

### 2003 - IR35 History

Event	Date	Detail
IR35 case lost at High Court	Mar 2003	<a href="#">Synapteck vs Young</a> .

### 2004 - IR35 History

Event	Date	Detail
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Event	Date	Detail
IR35 case lost	Jan 2004	<a href="#">Usetech vs Young</a> .

## 2005 - IR35 History

Event	Date	Detail
Tories Propose Abolishment.	Jan 2005	<a href="#">Tories Propose Abolishment of IR35</a> .
Freelancer Loses Case.	Jan 2005	<a href="#">Freelancer Loses IR35 Case</a> .
PCG wins freelancer case as special commissioners.	May 2005	Netherlane Limited loses at the Special Commissioners. <a href="#">PCG wins case for Mike Ansell</a>

## 2006 - IR35 History

Event	Date	Detail
Court of Appeal status ruling on employment status.	Mar 2006	<a href="#">Cable and Wireless v Muscat</a>  Concerns that contractors could start to claim employment rights.  <a href="#">PCG Analysis of Cable and Wireless v Muscat Judgement</a>  <a href="#">Fears over Muscat bite</a>

## 2007 - IR35 History

Event	Date	Detail
Island Consultants Ltd lose IR35 case to Revenue.	Jul 2007	<a href="#">Island Consultants lose IR35 Case</a>  <a href="#">Island Consultants Ltd V Revenue &amp; Customs</a>  <a href="#">No IR35 Precedent Set, Experts Say</a>
Conservative John Redwood says Tories will "Turn back the clock on IR35 and MSC's"	Aug 2007	<a href="#">Redwood: "We will Turn Back the Clock Entirely on IR35 and MSC"</a>

## 2008 - IR35 History

Event	Date	Detail
Datagate Services Ltd wins case.	Jan 2008	<a href="#">Lawspeed IR35 Win Shows Contractors Can Prove Status</a>
MKM Computing Ltd loses case at special commissioners.	Jan 2008	<a href="#">See this article - last paragraph</a>  <a href="#">MKM Computing Ltd - Special Commissioners Decision</a>
Dragonfly Consulting Ltd loses £99,000 in IR35 case.	Jan 2008	<a href="#">Contractor Loses £99,000 in IR35 Case for Being 'Part and Parcel'</a>  <a href="#">Dragonfly Consulting Ltd - Special Commissioners Decision</a>
Dragonfly subsequently loses appeal.	Sep 2008	<a href="#">Crucial Dragonfly Consulting IR35 appeal has been lost</a>  <a href="#">Dragonfly verdict - "no massive additional exposure to IR35 risk"</a>
First Word Software Ltd wins IR35 Case at Special Commissioners	Jan 2008	<a href="#">Accountax Win IR35 Case For Contractor - First Word Software Ltd</a>  <a href="#">First Word Software Ltd - Special Commissioners Decision</a>
Contractor beats HMRC in IR35 case - Larkstar Data	Feb 2008	<a href="#">Contractor beats HMRC in IR35 case - Larkstar Data</a>
HMRC wins narrow victory over Larkstar Data IR35 case in the High Court	Feb 2009	<a href="#">HMRC wins narrow victory over Larkstar Data IR35 case in the High Court</a>
Contractor loses IR35 appeal - Alternative Book Company Ltd	Jun 2008	<a href="#">Contractor loses IR35 appeal - substitution clause viewed as "window dressing"</a>

## 2009 - IR35 History

Event	Date	Detail
Official figures showing that IR35 only brings in about £1.5 million each year	May 2009	<a href="#">PCG's revelation of IR35's £1.5m per year tax take is (sadly) not the full story</a>
Tilson ruling: Contractors inside IR35 and employment rights	July 2009	<a href="#">Contractors inside IR35 may be able to claim employment rights after landmark ruling</a>
Tilson ruling is overturned on appeal	Feb 2010	<a href="#">Contractor 'employment' status clarified as Tilson ruling is overturned on appeal</a>
Tilson loses appeal.	Nov 2010	<a href="#">Contractor's bid for employment rights denied as Tilson loses Tilson v Alstom appeal</a>
Stringer v HMRC: Clients should now be more supportive on contractors IR35 status	Aug 2009	<a href="#">Contractors holiday pay ruling should make clients more supportive on IR35 status</a>
IR35 special report: 10 years that shook the world of UK contractors	Nov 2009	<a href="#">ContractorCalculator publishes 10 year anniversary special about the IR35 legislation containing key insights from 10 industry experts.</a>

## 2010 - IR35 History

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Event	Date	Detail
PCG lobbying gains contractors Tory commitment to "review" IR35	Mar 2010	<a href="#">PCG lobbying gains contractors Tory commitment to "review" IR35</a>
Larkstar leaves grim legacy for contractor IR35 status, despite HMRC closing case	Apr 2010	<a href="#">Larkstar leaves grim legacy for contractor IR35 status, despite HMRC closing case</a>
Contractors cheering "staggering" Novosoft IR35 ruling are likely to be disappointed	May 2010	<a href="#">Contractors cheering "staggering" Novosoft IR35 ruling are likely to be disappointed</a>
IR35 review promised by new Office of Tax Simplification (OTS)	Jul 2010	<a href="#">OTS review of IR35</a>
Free online employment status test launched by ContractorCalculator to enable contractors to evaluate their IR35 status	Aug 2010	<a href="#">IR35 Test for contractors</a>
Amendments to IR35 unlikely until April 2012 says expert	Sep 2010	<a href="#">Amendments to IR35 unlikely until April 2012 says expert</a>
Employment rights denied - Tilson loses appeal	Nov 2010	<a href="#">Employment rights denied as Tilson loses Tilson v Alstom appeal</a>
ContractorCalculator publishes IR35 solutions series: Review of current legislation and future options	Dec 2010	<a href="#">IR35 Solutions series [5 parts]</a>

## 2011 - IR35 History

Event	Date	Detail
Disguised employment (IR35) crackdown launched in USA	Jan 2011	<a href="#">Disguised employment (IR35) crackdown launched in USA</a>
Tribunal win for MBF Design Services confirms importance of MOO	Jan 2011	<a href="#">IR35 Tribunal win for MBF Design Services confirms importance of MOO</a>
MBF Design Services v HMRC – key facts from the case		<a href="#">MBF Design Services v HMRC – key facts from the case</a>
ContractorCalculator publishes IR35 Solutions Whitepaper	Jan 2011	<a href="#">IR35 Solutions: Review of the current legislation and future options</a>
IR35 Review by OTS: suspend or enforce IR35 better	Mar 2011	<a href="#">OTS says suspend IR35 or enforce it better, then merge income tax and NI</a>
Budget: IR35 to be "better administered" - not abolished	Mar 2011	<a href="#">Budget document reveals IR35 is to be "better administered"</a>
ECR Consulting wins IR35 case after five-year battle	May 2011	<a href="#">ECR Consulting wins IR35 case after five-year battle with HMRC</a>

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### Related Guides:

- [What is IR35?](#)
- [Financial Impact of IR35 on Contractors](#)
- [When Should Contractors Start Considering IR35?](#)
- [How to Determine if Your Contract Passes IR35](#)
- [Getting Your Contract Reviewed For IR35](#)

### Related Calculators:

- [IR35 Calculator](#)
- [IR35 Taxes Calculator](#)
- [Deemed Payment Calculator](#)

### Related Internet Links:

- [HMRC IR35 Press Release](#)
- [Press Release](#)
- [Modified Approach](#)
- [Welfare Reform And Pensions Bill](#)
- [Faqs For IR35](#)
- [Finance Act](#)
- [Schedule 12](#)
- [Judicial Review](#)
- [Dismissed](#)
- [F S Consulting Limited Vs Mccaul](#)
- [Lime IT Vs Justin](#)
- [Synaptex Vs Young](#)
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- [Cable And Wireless V Muscat](#)
- [Island Consultants Ltd V Revenue & Customs](#)
- [PCG](#)
- [PCG Wins Case For Mike Ansell](#)
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