

New online Employment Status Tool to help contractors navigate IR35 and beyond

London, 01 September 2010: From today and for the first time ever, UK contractors and freelancers can freely access a reliable online tool that will provide a highly accurate interpretation of their employment status and give them peace of mind.

The [free Employment Status Tool](#) has been developed from scratch by masters-level mathematician, specialist software developer and former IT contractor [Dave Chaplin](#), CEO of ContractorCalculator. Designed for current [IR35 legislation](#) and future-proofed for IR35's successor, Dave Chaplin believes the tool will be a welcome aid for contractors everywhere. He said: "Evaluating employment status has always been complex, but we're making it simple with a free, easy-to-use tool. Contractors are given a very clear answer, based on the latest case law and the result of the test will, for the first time, help them to make confident decisions about their contracts and tax affairs. And in today's litigious business environment, when contractors have to exercise 'reasonable care' when faced with tax decisions this tool will be the first step to help them."

To design the online test, Chaplin and his team conducted extensive research and spoke to experts in employment law, contract law, taxation and IR35. They also drew on over ten years of monitoring IR35 and related legislation since April 2000. "The resulting algorithm takes into account case law and the relative importance of IR35 factors like [substitution](#) and [control](#)," said Chaplin. "It is made up of a few sections, each of which has its own, weighted decision algorithm. For example, some questions are either not relevant or less/more relevant, depending on whether the contractor has started their contract. The test even takes into account conflicting concerns from across the sections, to ensure an accurate result."

Chaplin acknowledges that HM Revenue & Customs offers a similar online service with its Employment Status Indicator (ESI) tool, but he says this relies on HMRC's interpretation and on the cases it wins. "The ESI is very basic indeed," said Chaplin: "ContractorCalculator's tool looks at the complete picture. That means it is based on cases HMRC loses, as well as those it wins. And, more importantly, it is based on cases that don't ever get to court because they are 'won' at the investigation stage by IR35 specialists."

The fact that [IR35 is to be reviewed](#) by the Coalition Government's new Office of Tax Simplification (OTS) spurred on Chaplin and his team to build a future-proofed tool that not only works for IR35, but can also be enhanced to align with any new legislation. "An accurate online employment status test is going to be required whatever happens with IR35," added Chaplin. "In fact John Whiting, the OTS's director of tax, has made it clear that any future legislation will deal with exactly the employment status abuses IR35 was originally introduced to sort out," he concluded.

The new online Employment Status Tool, which has passed extensive testing on real-life case studies, including border-line and 'difficult' cases, is available free at:
http://www.ContractorCalculator.co.uk/ir35_test.aspx

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Dave Chaplin is a former IT contractor in the City of London, and is founder and CEO of ContractorCalculator, and author of the Contractors' Handbook.

Started in 1999, ContractorCalculator (this site) is the leading independent website for the UK contracting industry – most of whom are highly skilled knowledge workers. [Read Full Profile...](#)

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