

Redwood: "we will turn back the clock entirely on IR35 and msc"

In an interview with ContractorCalculator, [John Redwood](#), Member of Parliament for Wokingham and chairman of the party's Economic Competitiveness Policy Group announced a commitment to do away with both [IR35](#) and the [managed service company legislation](#).

"Why not just turn back the clock, and allow contractors freedom to operate?" Redwood said.

Asked if there was a need for new legislation to replace these regulations, Redwood insisted that there was not. "These regulations are simply a burden on contractors' doing business," he added.

Redwood's recommendations bear considerable weight. George Osborne, Conservative party shadow Chancellor of the Exchequer, welcomed the report and said the party would be considering whether to adopt the programme set out in the report on Economic Competitiveness that was presented.

Move Would Bring Back Composites

Were the Conservatives to achieve a majority in the next elections, this move would enable providers to begin using composite companies, companies in which a number of contractors combine their businesses, and that would make conditions much easier for new contractors just entering the industry.

The scrapping of IR35 would also put an end to the fraught question of whether or not a contractor is actually an employee. Since there is no legal definition of self-employment, this regulation has sparked hundreds of court battles with HMRC, and the Revenue has lost the vast majority of these court fights.

"Contractors should simply operate as limited companies if they choose to just as all businessmen have done in the past," Redwood said.

“ Why not just turn back the clock and allow contractors freedom to operate ”

John Redwood

Support from Professional Contractors Group

The London-based Professional Contractors Group welcomed these proposals.

[PCG](#) chairman David Ramsden said: "These proposals by the Conservatives show recognition of the importance to the UK of its vibrant freelancing sector and we welcome that as positive progress. "IR35 is not only unworkable and unfair, it is also intensely resented by the tens of thousands of freelancers who feel as though they are often treated as criminals when in actual fact they are making an enormous contribution to the economy. PCG hopes that now the Tories have put abolition of IR35 on the agenda, other parties will engage in a sensible debate too."

The move would be part of a vast effort to which the Conservatives are committed in deregulating the business environment in the UK. The Conservatives have presented this position in this report on Economic Competitiveness.

Says shadow chancellor Osborne: "Our tax code is the longest and most complicated in the world. We are committed to simplifying it."

The Conservatives are working with the international accounting firm Price Waterhouse Coopers to change contractor tax law as well as the tax code as a whole.

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John Redwood

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