

## Tory offensive is good for contractors

Whether you vote Labour or Tory, the Tory small business offensive can only bring much-needed attention to contractor issues.

### Tories Press Labour on Contracting

The Tories are about to start an offensive on small business. In a story leaked to the Sunday Telegraph, leading Tory [John Redwood](#) committed his party to a major campaign of "deregulation." This involves a great deal more than contractor matters, but one of the stated aims of the policy is to put an end to [IR35](#).

And in a separate [interview with ContractorCalculator](#), shadow chief Treasury secretary Philip Hammond has called for a new approach to contractor taxation, and a review of the [managed service company](#) laws which have just come into effect.

### Much-Needed Attention

Only the seasoned observers of the political scene can say whether all this will ever happen, and whether it will really mean changes for contractors. The Tories have to get elected first, and then pledges from politicians are not exactly money in the bank.

But whether you believe the Tories and support them, or whether you stick with Labour, you will see that making contractor taxation a political issue can only be of use to all of us.

### De-regulating Contracting

Redwood is calling for hugely increased supervision of Whitehall. Bureaucrats should be subject to regular reviews to see whether or not they have increased the regulatory burden on business to no result.

Part of such a review would inevitably entail a reconsideration of IR35, and MSC rules, surely one of the worst burdens ever placed on a thriving industry with the smallest possible result. The Revenue almost never wins an IR35 case, and there is no evidence that tax revenue has been boosted in the slightest by the legislation.

Were such a review to take place, surely the rules would be replaced by a new approach to small business taxation. Even the Government has agreed that simplification of small business taxation is greatly to be desired.

### Keep the Polls Talking

To be sure, the Conservatives are not in power, and there is no certainty that these changes will ever be made.

But that in itself is not as important as the fact that polls from all sides will be talking about the subjects that matter to us contractors. We need to have the concerns of our industry remain in the limelight if they are ever to receive the attention from the Government that they need. Labour will be attacking this call by the Conservatives, and the Government could be forced to rediscuss IR35. It does not necessarily mean that change will come, but at least there's a chance.

Redwood has also declared that Conservatives will look very carefully at how to reverse Gordon Brown's latest tax rise for small businesses, should they fail to defeat Labour on the Budget changes currently going through Parliament. This is also important, because the latest tax rise was justified on the basis that small businesses are abusing [limited company](#) status. Perhaps a debate on status is what will come out of all of this?

Okay, that's probably unreasonably optimistic. We do have to remember that IR35 came about because of some real abuses of the tax system by elements in the contracting industry. Conservatives and Labour alike want to put a stop to these. But we can hope that a political battle over contractor status will lead to change of some kind. In this context, change is, unquestionably good.

Published: Tuesday, August 14, 2007

[Tweet](#)

© 2011 All rights reserved. Reproduction in whole or in part without permission is prohibited. Please see our [copyright notice](#). If you want to use any content you have seen on this site then please [request our media pack](#) and ask for details of our Content Licencing Service.

“ We are committed to getting rid of IR35 ”

John Redwood - Conservative Party Leader

“ We will cut tax on small business ”

John Redwood - Conservative Party Leader



Be the first to comment on this article

Also of interest...

Related News:

- Contractors Find Support for Critique of Contractor Tax

Related Guides:

- 10 tips for first time contractors
- Steps to Contracting
- Contractor tax: limited company and personal taxes explained
- What is IR35?

Related Calculators:

- Contractor Financial Profile Calculator

Related Internet Links:

- John Redwood



ABCe verified website - last audit confirmed **130,682 monthly unique visitors**

© Copyright 2011 Byte-Vision Limited UK. All rights reserved [Copyright notice](#)