

OFF-PAYROLL / IR35 Campaign

ContractorCalculator.co.uk



Main campaign page:

https://www.contractorcalculator.co.uk/IR35_campaign.aspx



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#IR35Campaign

The purpose of the campaign - facts

We believe, based on evidence and our 20 years in this market that:

- IR35 (Chapter 8, ITEPA, April 2000) causes considerable damage
- Is an unfair tax
- Fuels non-compliance

We think the newer version (Chapter 10, ITEPA, April 2017) called the Off-payroll tax and which applies to the public sector is:

- Just as bad as IR35, if not worse
- Generates massive uncertainty and inconsistency
- Is still an unfair tax
- Fuels massive non-compliance
- Promotes a market where compliant firms cannot compete.

The purpose of the campaign is to:

- Combat the misleading rhetoric coming from HMRC and Central Government
- Ensure MPs are properly informed with all the facts.
- Ensure MPs are not hook winked by misdirection and mistruth.
- Make MPs aware of the serious issues at play.

We are also very much aware that there is false self-employment in the market, where people are working as self-employed, but denied employment rights. We also believe that the off-payroll tax, which classifies a self-employed person as an employee, taxes them as an employee, but denies them employment rights further exacerbates the problem with false employment and is diametrically opposed to the Governments Good Work Plan.

We believe that if the reforms are rolled out into the private sector then it will harm business, harm business growth, lower productivity, fuel non-compliance and also harm the most vulnerable workers in society by enabling firms to push more workers into false self-employment, whilst circumventing their responsibilities to give them employment rights.

And, we also don't think it will raise tax revenues.

Evidence indicates, not surprisingly, that individuals who make the move from permanent employment to freelancing charge a "freelancer premium" above that earned by salaried employees in full time work, and consequently generate more taxes than if they were in permanent employment.

HMRC however, in all their examples, consider the "freelancer premium" to be zero, which demonstrates that IR35 is an ideologically driven policy based on a flawed assumption, rather than evidence based policy, based on empirical evidence.

Lobbying Your MP – The next step

ONE MORE LETTER – GET A MEETING

The widespread letter tennis with the Treasury has reached its conclusion. This has been partly successful and you have managed to combat much of their misleading and biased rhetoric, in many cases neutering some of their unsubstantiated claims. This has all served to better inform the campaign of Governments arguments, and educate some MPs – those that have bothered to read the details – many haven't though, hence meetings are the next step.

NEXT ACTION: You need to get to a meeting with your MP, and target early September 2018 or at the latest October 2018.

Your MP will not need to defer to the Treasury or HMRC, and neither should you let them wriggle out of a meeting with you.

You will then sit down with your MP and explain the issues in an easy and concise form. This topic isn't difficult to comprehend and explain to MPs.

We at ContractorCalculator will give you a fact pack to take with you. This will contain all the facts in easily digestible form for your MP. Your MP is well educated – and the arguments are not difficult for them to understand.

All you are asking is for them to understand the facts and the impact on you and their constituents should this new off-payroll tax get extended to the private sector.

This activity is about you holding your Government to account and exercising your democratic right to have your views heard.

Please tell us how you get on. We love to hear the feedback, both good and bad, and we can use it to help others in their campaigning.

Email info@contractorcalculator.co.uk or contact Dave Chaplin on LinkedIn.

How to find and contact your MP

To find your MP use the Parliament service:

[Search for your MP – click here](#)

Enter your postcode, find your MP and their email address.

If you can add some of your own words and experiences it will strengthen your arguments. They are more likely to take note if they understand the damages of these reforms and how it affects their constituents directly.

ONE MORE LETTER – ARRANGE A MEETING

Letter Template –Get a meeting

Dear [local MP],

[If writing first time]

I am writing to you to request a meeting with you as soon as possible to explore my serious concerns with the *Off-payroll(IR35) tax legislation* in the public sector and how I believe it would dramatically damage UK Plc if it was extended to the private sector, which could be announced in the next Autumn Statement in November.

[If you have written before]

I have written to you before regarding my concerns about the considerable damage caused by the *Off-payroll(IR35) tax legislation* in the public sector and how I believe it would dramatically damage UK Plc if it was extended to the private sector, which could be announced in the next Autumn Statement in November.

The Chancellor Philip Hammond is very much aware of the damaging impact of IR35, as he explained to the commons:

“One reason why the Government's IR35 initiative has been so damaging and destructive is the fact that it has hit at the most flexible part of the economy.”

Philip Hammond, Current Chancellor of the Exchequer, 6th November 2001

<https://publications.parliament.uk/pa/cm200102/cmhansrd/vo011106/halltext/11106h01.htm>

The consultation window for these changes ended on 10th August 2018, and I would now like the opportunity of meeting with you to explore my concerns with you face to face.

There are some key issues to explain, which should take no more than 30 minutes. This is not highly technical by any nature and it will be simple for you to digest and consider, and I welcome any questions you may have so that you can fully understand the key issues and impacts of this new proposed tax on me, your constituents and small and large businesses across the country.

The Chancellor will be making a decision very soon in the November Statement as to whether he will decide to extend the same damaging changes to the private sector in April 2019. After having our discussion I would like you to take a considered view as to whether that would be appropriate or not and make your views known to the Chancellor and Treasury.

Impact of the off-payroll tax

These are just some of the impacts it will have:

1. Administrative burdens and increased cost of circa 10% for the millions of businesses that hire contingent labour.
2. The ability for unscrupulous companies to hire “deemed employees” who are “employed for tax purposes only” but yet will not get any rights, contrary to the Governments Good Work plan.
3. A retraction of the size and mobility of the flexible workforce, and within months of Brexit.
4. A pay cut for the low paid self-employed, due to hirers inevitably passing on their new costs to the workers via pay cuts.
5. Increase in tribunal claims for both incorrect tax assessments and workers classed as “deemed employees” who then try to claim accompanying employment rights.
6. Financial damage to individuals who inadvertently get caught up in incorrect status assessment decisions – since there is no known appeals process.

There have been many recent surveys on what would happen if this new tax hit the private sector, and the widespread themes tend to be that UK plc will be subject to major disruption to business on all fronts. Increasing costs, shrinking talent pools, reduced flexibility and legal challenges to status assessments are among some the hurdles that firms are expected to have to navigate.

Irrespective of whether current relationships are non-compliant now or not, costs of doing business will rise. Any current and future projects already planned for, costed, in progress, and perhaps funded by investment will need to, overnight, plan for huge rises in cost – particular in sectors where contingent labour is in high demand, especially IT. This could easily make some projects on low margins become unprofitable, leading to cancellations and job losses.

Debunking the myths published by the Treasury and HMRC

There are also still considerable concerns that both HMRC and the Treasury appear to be confused about that relate to these proposals. Hopefully when you review the information you will take a considered and balanced view of the evidence.

Here are the main ones:

1. 84% of the perceived avoided tax is avoided by the public sector body, or hiring firm – yet the consultation solely scapegoats individuals as being the ones avoiding tax.
2. The Governments own IFF research indicates that costs/rates increased by at least 10%, unanimously reinforced by market surveys, yet Treasury letters claim otherwise.
3. Treasury’s claims of success are entirely premature. It’s impossible to know the tax impact until the middle of 2019, and tax offsets, refunds and further avoidance could wipe out all gains, resulting in a loss. If rolled out to the private sector, that loss could be £5bn.
4. 50% of public authorities haven’t conducted fair status assessments, while 26% applied blanket rulings, thereby incorrectly over taxing the genuinely self-employed.
5. The Governments status assessment tool, Check Employment Status for Tax (CEST) does not align with the law, does not provide tax certainty and does not constitute reasonable care. HMRCs own testing and subsequent research proves it is not accurate and heavily biased. Prior to release, and despite the impact on tens of thousands of tax payers livelihoods, CEST was not formally assessed under the Government Digital Services Standards, which are according to Government designed “to check whether a service is good enough for public use.”
6. Having classed a worker as an employee in law, but then taxing them as an employee and not conferring employment rights on that worker is nonsensical and antithesis to the Governments Good Work Plan.

Next steps

There is no need for you to prepare for this meeting, and I’ll bring a small selection of short documents that explain each of the key points. As I say, the issues are not complicated.

When are you next available to meet?

Kind regards

[your name]