

## Contractors could be set to benefit from Government vulnerability, says IPSE chief



Last month's General Election result and events over the following weeks have resulted in a Government under fire and with a perceivably looser grasp on Brexit negotiations. However, the vulnerable state that the Government finds itself in could prove to be good news for UK contractors in the immediate future.

This is the view of Chris Bryce, chief executive of the Association of Independent Professionals and the Self Employed ([IPSE](#)), who anticipates a more hesitant approach to policy and legislation impacting contractors, as well as full consideration of the impending [Taylor Review on modern employment practices](#).

"At the moment the Government's agenda is going to have to be less ambitious than it would have otherwise been. It has already said that it will not pursue the NICs increase that was included in the last Budget, and any changes to dividend taxation may be shelved for now.

"Our sources are telling us that the Government will consider the Taylor Review very carefully before introducing any new legislation, which is important. The Government needs to tread carefully and avoid the wholesale adoption of any blind recommendations."

### Government shake-up could impact on policy and Brexit

Bryce notes that, in the compromised position that Government is in, there is a possibility that it will pay more attention to the advice given by IPSE and other organisations, which could make for a less volatile legislative landscape for contractors in the immediate future. However, he also warns that contractors shouldn't take this as a given:

"We must remember that the people at the head of Government haven't changed, and taxation of the self-employed was high on its agenda. Losing the majority will likely mean it is less likely to pursue controversial measures. However, the tax gap hasn't gone away, so we can expect to see some measures – though possibly more careful measures - in the next Budget."

Another source of uncertainty for contractors has been the UK's impending departure from the EU and the exit deal that PM Theresa May manages to hash out. With the pro-Brexit Democratic Unionist Party (DUP) having struck a deal to help ensure the Conservatives remain in power, Bryce acknowledges that the Brexit goalposts have once again moved:

"The Government is now weaker so it's going to have to take on a wider range of views, including those of both the DUP and other parties. The DUP is fully committed to Brexit, but it wouldn't want to see a hard Brexit with free movement stymied, so the fact that the DUP has a more amplified voice in the debate could well benefit UK contractors."

### Employment practices review to be given careful consideration

IPSE's take on last month's Queen's speech was that it demonstrated that the Government is 'in listening mode'. However, when addressing

the issue of employment rights and protections, Bryce notes that it was rather light:

“The Queen’s speech signalled that this issue is still high on the Government’s agenda, but it gave away little else. The Taylor Review on modern employment practices is due to be published in the next couple of weeks, which we hear will be given careful consideration.

“With the Government having its hands full with Brexit, I think it’s unlikely that it will rush to legislation,” he adds. “This is in part down to the fact that one of the first requirements is for the UK to disentangle itself from existing EU employment legislation and replace it with British employment legislation.”

## **IPSE calls on Labour leader to reassess position on self-employment**

At the moment the Tories loss is Labour’s gain, and Bryce expects Labour to have significant influence over the outcomes resulting from the Taylor Review. However, with Labour keen to be seen as the party of business, Bryce also notes that those at the top need to reconsider their stance on self-employment:

“Labour will play an important role. However, it’s worrying to see that Labour leader Jeremy Corbyn doesn’t appear to be in support of further growth in the UK self-employed sector, and doesn’t seem to understand that the self-employed are a very diverse group, many of whom are very well paid.

“Many gig-economy workers for the likes of Deliveroo are students working part-time, who are still making more than they would be working at McDonald’s.”

He adds: “But using gig-economy workers as a representation of self-employment as a whole is wildly inaccurate. This mind set needs to be rectified in order for Labour to have an influence that benefits independent professionals.”

## **Could the General Election fallout impact IR35?**

The IR35 debate continues to rumble on, and similar to other areas of policy, Bryce is optimistic that the Government’s weakened position may have strengthened the voice of those opposing both recent reforms and expected future changes:

“IR35 in the public sector has proven to be a complete nightmare. Contractors are leaving public sector clients in their droves. Others are increasing their rates to compensate for loss of earnings, all at the public sector’s expense. It’s a mess. We’re hoping that, given the current state of affairs, the Government will think very carefully about the whole implementation in the public sector, and think twice about moving it into the private sector.”

IPSE aren’t the only ones actively seeking changes to IR35 in its current format. Last month a crowdfunding page was launched with the aim of [submitting a legal challenge to IR35](#).

It would be the first time the legislation has been challenged in court since IPSE – formerly the Professional Contractors Group (PCG) – [took HMRC to Judicial Review in 2001](#), and Bryce notes that IPSE is considering lending its backing this time around:

“We are due to be meeting with the principals of the campaign soon, after which we will have a clearer idea of what its aims actually are. We will then run their thoughts past our legal advisors. If we find that there is a claim to pursue, we will look carefully at pursuing that case.”

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