

ContractorCalculator dissects HMRC's private sector Off-Payroll consultation



ContractorCalculator has launched a critique of [HMRC's latest consultation](#) concerning Off-Payroll in the private sector, exposing the fragility of its plans and warning of the likely consequences.

The document, which evaluates the claims, assumptions and proposals made by HMRC in its consultation, has been circulated to MPs and contracting stakeholders to help inform debate in upcoming meetings and roundtables.

"We expect that HMRC views this consultation as a mere formality, and that it likely doesn't want to encourage too much debate into its proposals," comments Dave Chaplin, ContractorCalculator CEO.

"Unfortunately, the plan for the private sector is so ill-conceived and fundamentally flawed that we felt compelled to produce this document, to ensure that HMRC is made to answer the many points of contention that its consultation has generated."

[Download Off-Payroll Commentary - 73 pages](#)

Off-Payroll 'dissected': the key issues with HMRC's proposals

Among ContractorCalculator's key criticisms is that HMRC's consultation demonstrates a lack of understanding of the workforce and the commercial realities of the supply chain.

Proposals developed upon this lack of understanding risk causing significant damage to the flexible workforce whilst driving up costs for UK plc, particularly for firms that are looking to grow. Other key concerns include:

- Contractors classed as 'deemed employees' by clients will be reluctant to continue providing services, due to historical tax risk
- Assumptions that contractors will work 'inside IR35' at no extra cost are naïve and damaging to projects
- Clients should be legally obliged to provide assessment results and the reasons for the status determination
- Appeals against status decisions must be arbitrated by an independent body to ensure fairness and eliminate bias
- Proposals to pass tax liability and payments through the supply chain are burdensome and invite aggressive tax avoidance; instead, clients should deduct tax at source
- Firms assessing contractors as 'inside IR35' risk being taken to employment tribunals – HMRC has not warned of this.

- A failure to warn businesses that the vast majority of the extra costs of this reform will be born by businesses, not individuals
- The costs of attracting mobile contractors who travel and stay overnight will increase by circa 40%

“The central flaw with the Off-Payroll tax is that it has, at its core, a complex employment status test,” explains Chaplin. “HMRC has attempted to simplify this to a degree that it believes would make it a manageable task for hiring firms, yet which will inevitably result in innumerable incorrect assessments for contractors. From this spawns a multitude of further problems.”

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“Its rank hypocrisy that the supposed party for small business is introducing these draconian changes, at a time when we need to flexible workforce the most,” continues Chaplin.

Though Government intends to legislate within a matter of months, ContractorCalculator’s analysis highlights the unintended consequences for contractors, UK firms, and even HMRC. To help prevent catastrophic change, please [join our IR35 campaign](#), and arrange to meet with your local MP, armed with our IR35 lobbying pack.

[Contributions to our campaign fund](#) will enable us to continue exposing HMRC’s misleading communications surrounding Off-Payroll and help preserve the future of the flexible workforce. To stay up-to-date with the latest goings on, [subscribe to our mailing list](#), or follow or connect with our CEO [Dave Chaplin on LinkedIn](#) or [ContractorCalculator on Twitter](#).

Published: 03 April 2019

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