

## Autumn Budget 2017: IPSE urges Government to seize opportunity to support contractors



The upcoming Autumn Budget presents the Government with an opportunity to create parity between working conditions for the self-employed and employees, but one which it seems intent on not taking.

This is according to Chris Bryce, chief executive of the Association of Independent Professionals and the Self Employed (IPSE). With the Budget announced for 22 November, IPSE has put forward its submission which it is hoping will help turn the tide on a policy agenda which has done little to support self-employment of late.

“I would be pleasantly surprised if there was any good news in the next Budget for contractors,” notes Bryce. “However, our recommendations have been carefully thought out and we’re hoping that it will help the Government see sense and begin to offer more support to the UK’s contractors and freelancers.”

### IPSE issues Government warning over IR35

Perhaps the most pressing issue that IPSE tackles is IR35, and the possibility of public sector reforms [being expanded into the private sector](#). Bryce reinforces IPSE’s stance:

“We’re fully opposed to any further changes in the immediate future. The Government has tinkered with IR35 for years and years, and they still can’t get it right. The public sector reforms are just the latest demonstration of this. We’re urging the Government to put everything on hold until they have time to sit down with people like us - people who know what they’re doing - and get it sorted.”

Bryce is not optimistic the invitation will be accepted. Nor is he in much doubt that IR35 reforms will be rolled out across the private sector with very little thought on the impact they will have on the economy.

Government accepts this invitation, though Bryce concedes that HMRC’s refusal to acknowledge the damage that the reforms have caused in the public sector is a concern:

“There’s no doubt in my mind that the IR35 changes will be considered for the private sector. The fact that HMRC seem to have their heads in the sand over the problems in the public sector is what I find alarming.

“We’ve already seen very public criticism in the public sector. [The NHS is one example which has been widely reported in the mainstream press](#). If this is not being reflected in the reports that HMRC is receiving from Government departments, you have to wonder why. Either way, the extent of the media coverage and evidence is too great for the taxman to ignore.”

Bryce adds that IPSE has formed a working party with the Confederation of British Industry (CBI), and is inviting other stakeholders to join in order to put forward the views of both contractors and end users, as well as evidence concerning its impact on the economy.

## **‘Stop tinkering with business regulations’, says IPSE**

The public sector reforms account for just one of a number of recent legislative changes that IPSE claims are causing uncertainty in the contracting sector. In August, [IPSE's Confidence Index for Q2 2017](#) plummeted to the lowest levels on record, with Government policy deemed to be a key driving factor.

The new Chancellor's trigger-happy approach was demonstrated earlier this year in the March Budget when he announced that the £5,000 Dividend Allowance for business owners – an allowance that had been in place for less than a year – would be slashed to £2,000.

With the scrapped attempt to increase National Insurance Contributions (NICs) for the self-employed doing little to instil confidence within the sector, Bryce notes that IPSE representation also urges the Chancellor to give more thought to the self-employed in his approach to policy:

“These are just a few examples that go to show that the Government is making too many changes impacting on the self-employed too quickly. The Chancellor really needs to take a more considered approach.”

## **Maternity pay and pensions advice feature on IPSE's agenda**

IPSE's representation also includes two further proposals. The introduction of statutory maternity pay and shared parental leave, as well as the provision of tax-deductible pensions advice for the self-employed.

“Maternity and paternity benefits are one area where the self-employed are at a distinct disadvantage from employees and this is one instance where the Government should be providing exactly the same benefits,” notes Bryce.

Bryce concedes that this particular proposal has received a mixed reception from the contracting community, many of whom greatly value their independence, but insists that it is needed to help create parity.

Pensions is another area where many contractors are at a disadvantage compared to their permanent counterparts. 37% of IPSE members do not have a pension, whilst 16% don't save for retirement at all. This has prompted IPSE to call for pensions advice for the self-employed to be made tax-deductible.

This is a benefit which is currently only available to employees, the reasoning behind which Bryce can't fathom: “There is no logical reason behind this, especially when you consider that it's an expense which most employees have covered by their employer.

“Retirement planning as a whole is a crucial subject which is key to the work IPSE is doing. Until we have put forward our proposals for revamping the pensions system to Government, IPSE will continue to offer its pensions scheme, which allows contractors to access a pension at rates that are substantially cheaper than anywhere else on the market.”

Bryce concludes: “We think the pension system for the self-employed needs a complete overhaul. We're actually looking at the entire system and working in conjunction with both financial experts and the pension regulator, we're going to be bringing forward a series of recommendations.”

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