

8 important reasons why 2017 will be a strong year for contracting



Contractors have great things to look forward to in 2017.

There will be more opportunities, an improving economic outlook and increased Government engagement to inform and address damaging policy, as well as some welcome changes to taxation just around the corner

Despite the reforms to IR35 in the public sector and the negative impact of Brexit stealing many of the headlines in 2016, there is much cause for optimism for contractors going into the New Year.

Eight great reasons why the omens look good for contractors going into 2017 are:

1. More people are choosing flexible working

December's labour market figures from the Office for National Statistics (ONS) show that self-employment grew by 129,000 to 4.75m in the three months to November, continuing a period of strong long-term growth.

For James Abbott, head of tax at contractor accountant **Abbott Moore**, this comes as little surprise: "Contractors still love what they do. They enjoy being masters of their own destiny. There are certain ways that the gig economy is being attacked, but the long-term future is still promising for contracting because it's so engrained in the way that we operate."

"With everything that has been thrown at the sector recently it would have been fair to predict a decline in contractor numbers," adds Crawford Temple, CEO of contractor trade body **PRISM**. "Yet the sector continues to gain strength with many businesses recognising and relying on the important work carried out by contractors."

2. Finding contract work is simpler than ever before

This growth is partly down to the emergence of new work platforms making the process of sourcing contract work quicker and easier than ever before, as chief executive of the **Association of Independent Professionals and the Self Employed (IPSE)** Chris Bryce points out:

"Technology has a big part to play with regards to contract sector growth. Online platforms for freelancers and contractors to accept jobs in seconds are gaining in popularity among individuals who are becoming their own boss for the first time. We expect this trend to continue in 2017."

3. Contractors are happier than employees

Not only is the contract sector growing, but the majority are a lot better off for it. A recent study by McKinsey Global Institute (MGI) found that 97% of contractors are much happier than their permanently employed counterparts, reporting superior satisfaction levels in

numerous aspects of work, including level of income, ability to express creativity, and opportunities for development.

Bryce further explains: "IPSE's own research shows that what contractors value the most is the flexibility that comes with being your own boss. Being able to work only on what you want to is a benefit enjoyed exclusively by contractors, whose day rates also remain significantly higher than those of equivalent employees."

4. The economy is showing signs of improvement

The pound is regaining some of the ground it lost on the Euro and the Dollar and GDP growth is expected to remain in positive territory in 2017.

The most recent [Report on Jobs](#) from the Recruitment and Employment Confederation (REC) also shows that demand for contractors accelerated to a five-month high in November.

"IPSE's latest Freelancer Confidence Index found that 59% of contractors are wary of the economic conditions ahead," adds Bryce. "However, the fact that contractors' overall business confidence has improved in the last quarter shows that many are confident that they can weather the storm."

5. Brexit boosts prospects for some overseas contractors

Brexit hasn't been bad news for all contractors. As Abbott highlights, if you're a contractor working overseas, there is a chance that Britain's decision to leave the EU has made you a more attractive proposition to your clients:

"There are opportunities for contractors where the value of Sterling has dropped. I have contractors working for overseas clients in the US and Europe who have actually become a lot cheaper from the client's perspective due to the weakened exchange rate.

"For example, if a client is paying for you in Dollars, it now costs fewer Dollars to pay you your day rate in Sterling. So there are opportunities for contractors to become more competitive overseas as a result of the exchange rate."

6. The public sector IR35 reforms aren't all doom and gloom

The public sector IR35 reforms mean that there are now incentives by all parties in the contractual chain to ensure contractors stay outside IR35.

With recent research from both ContractorCalculator and IPSE showing that most contractors would sooner walk than accept an inside-IR35 public sector contract, clients and agencies will be keen to negotiate compliance.

"Typically, in the past, agencies and clients haven't been particularly cooperative when it comes to negotiating IR35," adds Abbott. "But with the reforms, what you're likely to see first of all is more of a conversation between these parties about the terms the contractor wants to agree – and that's the way it should be."

7. Corporation Tax is set to shrink

Corporation Tax, as of April, will shrink to 19%, before eventually falling to 17% by 2020.

"If you're a limited company contractor, this makes it cheaper to keep money inside your company," highlights Abbott. "But it also works to offset some of the increase in dividend taxation – so it'll take some of the sting out of that."

8. The Government is taking notice of the contract sector

"There are currently seven reviews into the changing world of work including two parliamentary committees," notes Temple, with PRISM itself collaborating with the Social Market Foundation on its own independent review.

The most influential amongst these reviews will undoubtedly be the Government commissioned Matthew Taylor review of employment practices. Principal policy adviser at the Confederation of British Industry (CBI) Rachel Smith hopes its findings can be used to clarify employment status for the benefit of contractors:

"The Government is currently looking at modern working practices, so it must make sure we avoid a scenario where an individual's employment status is driven by tax policy rather than the nature of their relationship with the business. A holistic approach to employment tax status is needed to ensure people can work in ways that suit them best."

Temple further adds, "Many of the important issues are coming under the microscope in 2017. The Government has recognised that the

world of work has changed significantly and realignment is needed. The big question will be what that realignment ends up looking like.”

Published: Thursday, January 5, 2017

© 2017 All rights reserved. Reproduction in whole or in part without permission is prohibited. Please see our [copyright notice](#).



ABCe verified website - last audit confirmed *134,482 monthly unique visitors*

© Copyright 2017 Byte-Vision Limited UK. All rights reserved [Copyright notice](#)