

IR35 is not dead. It's reforming!

The contracting sector has changed and the disguised employment IR35 was designed to tackle rarely exists in the mid- and top-tiers of contracting anymore. IR35 has become a dead tax.

But HMRC is in denial, refusing to acknowledge IR35's demise. They think a little reform and magically an extra £430m in tax will appear every year.

As outlined in [ContractorCalculator's response to the discussion document](#), we don't agree. Here's the transcript of a secret recording made by one of our reporters posing as a contractor in a visit to the Treasury.

A contractor, Mr Work Too Hard, enters the Treasury and speaks to Hector the tax inspector.

Mr. Work Too Hard: 'Ello, I wish to register a complaint.

(Hector does not respond.)

Mr. Work Too Hard: 'Ello, Miss?

Hector: What do you mean "miss"?

Mr. Work Too Hard: *(pause)* I'm sorry, I have a cold. I wish to make a complaint!

Hector: We're closin' for lunch.

Mr. Work Too Hard: Never mind that, my lad. I wish to complain about this legislation what was made law for me 15 years ago from this very fine building.

Hector: Oh yes, the Intermediaries Legislation, or IR35...what's wrong with it?

Mr. Work Too Hard: I'll tell you what's wrong with it, my lad. It's dead, that's what's wrong with it!

Hector: No, no, it's uh...it's being reformed.

Mr. Work Too Hard: Look, matey, I know a dead piece of legislation when I see one, and I'm looking at one right now.

Hector: No, no, it's not dead, it's being reformed. You'll see! Remarkable drafting, IR35, isn't it, ay? Beautiful clauses!

Mr. Work Too Hard: The clauses don't enter into it. It's stone dead.

Hector: Oh, no, no, no! It's been reformed!

Mr. Work Too Hard: All right then, if it has been reformed, let me see! *(flicks through the document)* 'Ello, Mister IR35! I've got a lovely bit of fresh tax for you to collect if you can show me how you have been reformed...

(Hector scribbles on the document)

Hector: There you go, it's reformed!

Mr. Work Too Hard: No, it wasn't, that was you quickly scribbling something on it!

Hector: I never!!

Mr. Work Too Hard: Yes, you did!

Hector: I never did anything...

Mr. Work Too Hard: Now look, this 'ere is what I call a piece of dead legislation.

Hector: No, no.....no, it's REFORMED, IT'S CHANGING!

Mr. Work Too Hard: REFORMED?!?

Hector: Yeah! Your lot kept challenging it, just as it was being better administered! IR35 doesn't like being challenged, and it's easily challenged, my man.

Mr. Work Too Hard: Um...now look...now look, mate, I've definitely 'ad enough of this. That legislation is definitely deceased, and when it was published not 15 years ago, you assured me that its weakness and total lack of enforcement was due to it bein' designed by committee and rewritten so as not to upset the entire business community.

Hector: Well, it's...it's, ah...probably pining for the next finance bill.

Mr. Work Too Hard: PININ' for the NEXT FINANCE BILL?!?!?!? What kind of talk is that? Look, why did it fall flat on his back and get ignored the moment it was published?

Hector: The IR35 legislation loves being ignored! Remarkable piece, innit, squire? Lovely clauses!

Mr. Work Too Hard: Look, I took the liberty of examining IR35 when it came out, and I discovered the only reason that it came out in the first place was for reasons that are entirely inconsistent with today's market!

(pause)

Hector: Well, o'course it was! We just saw the IT boom and high fees contractors were charging and thought we'd have some of that money thank you very much. So it was quickly cobbled together and BOOM! Yippeeee!

Mr. Work Too Hard: BOOM?!? Mate, this legislation should have gone boom years ago. It's done for. It's bleedin' shattered!

Hector: No no! It's reforming!

Mr. Work Too Hard: It's not reforming! It's dead! This legislation is no more! It has ceased to be effective! It's expired and needs to go and meet its maker! It's bereft of purpose, it rests in pieces! If you hadn't tried to resurrect it again it would be sitting in the corner quietly not bothering anyone! Its entire raison d'être is now 'istory! It's off the books! It's mute, it's run its last race, lying there motionless and joined the bleedin' choir invisible!! THIS IS AN EX-TAX!!

(pause)

Hector: Well, I'd better replace it, then. *(He takes a quick peek in his drawer)* Sorry squire, I've had a look 'round, and uh, we're right out of ideas.

Mr. Work Too Hard: I see. I see, I get the picture.

Hector: *(pause)* I got a bucket.

(pause)

Mr. Work Too Hard: Pray, does it collect tax?

Hector: Not really. Just donations.

Mr. Work Too Hard: WELL IT'S HARDLY A BLOODY REPLACEMENT, IS IT?!?!?!?!?

Hector: N-no, I guess not. *(looks at his feet)*

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