

IR35 Shield launches Monitoring to support the full compliance process



The banner features the IR35 SHIELD logo at the top, with the tagline 'THE IR35 COMPLIANCE STANDARD'. Below the logo is a magnifying glass icon over a document. The main heading is 'Monitoring' in a large, bold font, followed by the sub-heading 'Automatically check status and gather evidence' in a smaller font. A paragraph of text describes the feature: 'Monitoring keeps you safe and reduces risk by alerting IR35 status problems early. Featuring automated re-assessments and smart evidence gathering to support the original status determination.' At the bottom of the banner is a blue button with the text 'REQUEST YOUR DEMO NOW'.

IR35 Shield has launched [its new Monitoring feature](#) that, via automation, regularly checks and gathers evidence to support original IR35 status determinations.

The industry-leading IR35 compliance solution developed the game-changing innovation to support hiring firms and agencies with the full compliance process, as outlined by HMRC.

Full IR35 Compliance process outlined by HMRC

Ongoing monitoring of status is an essential activity for firms as part of their ongoing due diligence, with HMRC's own guidelines ([ESM10014](#)) indicating it is needed to meet its interpretation of reasonable care, as below:

"To meet reasonable care; determinations should be thorough and accurate, involving people with a good understanding of the work. Reasonable care is not met if the client fails to reconsider determinations where there has been a material change in circumstances. Sufficient records of how decisions are made should also be preserved."

A correct and compliant initial status determination is not enough to protect against tax risk. That is just the starting point as regular checks and evidence gathering are essential actions for hiring firms and agencies to demonstrate that they have taken 'reasonable care'. This then helps to detect where the status may have changed, avoiding tax risk building up and assisting in gathering evidence to shore up the original status determination, based on activity that happens during the conduct of the contract.

In the new world of Off-Payroll (Chapter 10, Part 2 of the Income Tax (Earnings and Pensions) Act) (ITEPA), firms need to determine status upfront *before* the contract starts. That means original determinations are based on assumptions about future events.

ContractorCalculator CEO, Dave Chaplin, explains: "I've been saying for years that the new Off-Payroll legislation will require ongoing checks and evidence gathering on a regular basis, as part of a full compliance process, and it's only more recently that HMRC has vindicated that by including it in its guidelines."

"Unfortunately, many firms are unaware of the major differences between the old and new legislation, and that this new world of Off-Payroll necessitates these proactive measures on an ongoing basis. If they only rely on single upfront assessments, they won't be adequately prepared if the taxman comes calling, leaving them exposed to tax risk."

Evidence gathering is key to building a successful IR35 defence

The role of evidence gathering in successfully defending IR35 cases cannot be overstated. It forms the cornerstone of an IR35 defence in the First-tier Tax Tribunal (FTT), which is where the fact-finding is conducted and evaluated.

At tax tribunals, various forms of evidence are evaluated and weighted differently, depending on reliability. Evidence gathered when events take place and then corroborated by the parties is considered far more reliable than mere hearsay by someone many years later. And in the new world of Off-Payroll, when a tax tribunal could be years after the relevant engagements, key personnel may have left the client company and cannot be located.

It is therefore plainly obvious that the parties should try to gather as much factual evidence as possible throughout the contract, which will greatly assist in shutting down any future enquiry without it proceeding to a tax tribunal at all.

Automation offers scalability and reduces tax risk

This capability is only realistically possible through automation. The time, effort and resource required to regularly check material changes to the status for multiple contractors, all of whom start engagements at different times, is unmanageable unless automated.

Automation also ensures accuracy, consistency and avoids delays, minimising the window through which tax risk can accumulate.

Leverage IR35 Shield's Monitoring technology today

For hiring firms and agencies that are new to the challenges of the IR35 legislation, [watch this short explainer video](#) to find out how you can benefit from IR35 Shield's Monitoring technology.

For those that would like to explore IR35 Shield for Business in more detail, you can [book a free one-to-one demonstration](#).

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