

Dealing with multiple contracts being inside and outside IR35

During your accounting year you may earn revenue from several contracts, some of which will fall inside the scope of IR35 and others outside.

When this occurs it is important to arrange your records to clearly record both types of income and the expenses which relate to "inside" and "outside" IR35 contract work.

Receipts and payments for IR35 contract work will need to be identifiable for use in a year end calculation.

At the end of each tax year an IR35 calculation for "deemed salary" will be done which takes into account the IR35 contract income and expenditure relating to those specific contracts.

Any salary paid during the year can be allocated to the IR35 income, so that any profits, excluding salary payments generated by the non IR35 work can be either paid out as dividends to shareholders or carried forward for distribution in a future year.

Note that the IR35 status of one contract does not affect the IR35 status of another. Each needs to be judged on its own merits.



David Colom

Principal

D J Colom & Co Chartered Accountants

David Colom qualified as a Chartered Accountant in the City of London in 1981 and is the founder and principal of D J Colom & Co Chartered Accountants established in 1989.

Started specialising in serving IT contractors in 1993 and is now one of the longest standing suppliers of accountancy services to computer contractors.

[Read Full Profile...](#)

[View all our experts](#)

For further information on IR35 see the [dedicated IR35 section](#) on Contractor Calculator.

Updated: Thursday, January 6, 2011

© 2016 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 2016 Byte-Vision Limited UK. All rights reserved [Copyright notice](#)