

## Review of IR35 administration by HMRC says nothing about its effectiveness

Contractors remain effectively in the dark about how effective HMRC's implementation of IR35 has been since the administration review in 2012 commissioned by the [Office of Tax Simplification](#) (OTS) and overseen by the [IR35 Forum](#).

In the [IR35 Forum Administration Review](#), HMRC talks much about how it still has to improve but provides no data about how effective the measures introduced in May 2012 have been.

"This is 'yawn material', dull and with little substance," concludes ContractorCalculator CEO Dave Chaplin. "HMRC promised to publish performance data in this long-awaited review and had failed to do so."

According to the report, HMRC continues to believe that contractors are largely unaware of IR35 and that there is still considerable work to do to educate independent professionals about the legislation.

This is despite the findings of a ContractorCalculator survey confirming that 98% of contractors are in fact aware of IR35, and 92% of contractors believing themselves to be 'fairly familiar' or better with the tax rules.

"HMRC still maintains that its IR35 Helpline and Contract Review Service are independent from its compliance teams, despite direct evidence from IR35 service providers to the contrary," continues Chaplin.

"HMRC has concluded that this service should be expanded and incorporate greater flexibility. But the taxman needs to address some fundamental issues relating to trust. To stop assuming contractors are tax evaders simply because they trade via a limited company would be a good start."

Chaplin concludes: "This is a poor summary of what amounts to three years of hard work on the part of the IR35 Forum and the expertise it represents. HMRC has still failed to provide any hard evidence about how effective its new measures to better administrate IR35 have been.

"We will review our Freedom of Information Requests (FOI) and ensure that we swiftly follow-up with HMRC to ensure that contractors are provided with the full facts about how well the taxman has been enforcing IR35."

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