



Rt Hon Sajid Javid
Chancellor of the Exchequer
11 Downing Street
London
SW1A 2AA

26th November 2019

Conservative Review into supporting the Self-Employed

Dear Chancellor,

I am writing on behalf of the **Stop The Off-Payroll campaign** and thousands of UK contractors and freelancers. The campaign is supported by ContractorCalculator, The Freelancer & Contractor Services Association (FCSA), the Forum of Private Business, IT Contracting, PRISM Trade Association as well as contracting sector firms and 2000 individual contractors.

We note and welcome that the Conservatives General Election manifesto includes *"We will therefore launch a review to explore how we can better support the self-employed"*.

However if the Conservative Party are genuine about this, then any review must include reviewing IR35 legislation - and MUST therefore include a halt to your deeply flawed and damaging plans to extend the IR35 'Off-Payroll-Tax' to the private sector in April 2020.

It is widely recognised that the IR35 legislation introduced in 2000, by the then Labour Government, was deeply flawed. Yet despite expressing opposition to it – and saying they would reform it – the Conservatives in Government have not only gone back on this promise, but intend to roll-out the controversial 'off-payroll rules' to the private sector. This, the Off-Payroll Tax, is a 14.3% stealth tax on business, employer's National Insurance of 13.8% and the Apprenticeship Levy of 0.5% which will damage business and decimate contracting. As you will know, its effects are already being felt even before it's been introduced, with the large banks laying off contractors. HMRC have admitted that 153,000 UK contractors will see a pay cut of around a fifth of their income, which will cause considerable hardship for some and a drop in living standards for them all.

As you know, the off-payroll roll-out was strongly opposed by the contracting and freelancing sector in the HMRC consultation, but as is sadly typical this was ignored by HMRC and also disappointingly by you and the Treasury. It's also disappointing that the Treasury under your leadership have ignored the evidence showing that the Off-Payroll Tax continues to have a damaging impact in the public sector - the changes have seen many highly skilled, flexible workers abandon the public sector and flexible working completely, resulting in delays to, and even abandonment of projects due to acute skills shortages.

An extension of the Off-Payroll Tax will cause even further damage to the UK labour market, damage that is already materialising. Large companies are already laying off contractors,

and some are moving contracts abroad, leading to a loss of skilled roles in the UK, directly due to a Conservative Government's policy.

We note that back in 2009, you said in a Conservative Home article, that the Conservatives would "repeal the silly IR35 tax on providers of personal services." It is deeply disappointing that you and the Conservatives now seem intent on extending it.

I am writing to you to ask if you are genuine about wanting to support and promote self-employment? If you are, I request that you change course and stop the 'war on contracting' through the Off-Payroll Tax roll-out and the unfair Loan Charge (with IR35 the flawed IR35 legislation you used to criticise being the reason people got into such schemes in the first place). The war on contracting has shattered the trust of hundreds of thousands of self-employed UK contingent workers, a large group of people that the Conservative Party would surely like to appeal to.

As part of the review announced in your manifesto, the Stop The Payroll Tax supporting organisations would like to take part in this review and we hope you will invite us to do so. I was previously invited to attend a meeting with Treasury Ministers but it was unfortunately cancelled due to the calling of the election.

Most importantly, please now show that this is a genuine review and meaningful manifesto commitment, put the off-payroll roll-out on hold and work together with the contracting sector to review how best to recognise contracting and freelancing in the tax system. The support of UK contractors, freelancers recruiters and businesses depends on this.

Yours sincerely,



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