



## The issue - the roll out of the Off-Payroll Tax

Despite the clear evidence of damage in the public sector including the NHS, the Government are intent on rolling out the controversial 'IR35' off-payroll rules - the Off-Payroll Tax - to the private sector and have included this in the Draft Finance Bill.

**The off-payroll tax means a 14.3% extra cost on UK businesses who rely on contractors, a double stealth tax of National Insurance (13.8%) and the Apprenticeship Levy (0.5%).** The 'fee-payer' (client or agency) will have to pay these extra taxes on top of the payment made to the contractor, but many will simply find ways to avoid these substantial extra costs.

The Government's plans also **contravene the principles of natural justice** by not only expecting firms to become judges of "tax crimes", but also shuts off access to a tax tribunal for those deemed caught by the legislation, legislation that many MPs, including the Chancellor, have deemed flawed.

***The Stop the Off-Payroll Tax campaign is calling on this roll-out to be halted and to instead review how contracting and freelancing should be recognised in the tax system.***

## The Off-Payroll Tax will damage contracting and the UK economy

- At least 150,000 UK contractors **could lose up to a huge 20% of their pay.**
- UK contracting talent will be **replaced by offshore providers** putting UK workers out of work.
- Thousands of contractors will be **unfairly taxed as employees with no employer pension contributions, sickness or holiday pay.**
- It will lead to tax non-compliance and the danger of people being lured into avoidance schemes, like the disastrous Loan Charge that has cost lives.

## There is ALREADY evidence of negative outcomes as companies prepare for it coming in

- ALREADY we are seeing firms ditch self-employment people on mass – and projects not being done. The banks are shutting their doors to the self-employed.
- Projects are ALREADY going offshore as multinationals don't want to increase headcount.

## The Treasury and HMRC's reasons for bringing in the Off-Payroll Tax are deeply flawed and based on misinformation and misrepresentation

- They claim there is no evidence of damage to the public sector, yet there's clear evidence of projects being delayed and in the NHS many locum doctors and nurses have left.<sup>1</sup>
- They are presenting skewed research *they* commissioned as 'independent' yet HMRC doctored the report. The research also was done *before* the impact on the private sector had taken effect.<sup>2</sup>
- HMRC's ignored the findings of their own consultation, yet keep saying that they consulted!<sup>3</sup>

## Please support UK contracting and oppose the Off-Payroll Tax and back a review

1. **Write to the Chancellor and raise with colleagues**
2. **Raise the issue in Parliament - ask Parliamentary Questions/sign EDM 2379**
3. **Ask your party to commit to a review**

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<sup>1</sup><https://www.peoplemanagement.co.uk/news/articles/ir35-damaging-unintended-consequences-public-sector-employees>

<sup>2</sup> [https://www.contractorcalculator.co.uk/hmrc\\_concealing\\_vital\\_public\\_sector\\_research\\_549610\\_news.aspx](https://www.contractorcalculator.co.uk/hmrc_concealing_vital_public_sector_research_549610_news.aspx)

<sup>3</sup> <https://www.contractorcalculator.co.uk/Docs/20190613%20-%20Off-PayrollConsultation-SummaryOfResponses.pdf>