



## The issue - the roll out of the Off-Payroll Tax (“IR35 Reform”)

Despite clear evidence of damage within the public sector, including the NHS, the Government are intent on rolling out the controversial update to the failed IR35 legislation, which has been rebadged as the “off-payroll reforms” - **the Off-Payroll Tax** - to the private sector and intend to include it in the 2020 Budget and Finance Bill.

According to HMRC’s own figures **at least 150,000 UK contractors will lose up to a quarter of their pay** with some families unable to pay mortgages as a result. Thousands of workers will be **unfairly taxed as employees with no employment benefits** - sickness, holiday pay and maternity/paternity rights. This heralds the era of a new status called “**no rights employment**”.

## The damage is already happening

This new tax in April will decimate the UK flexible workforce. Already many contractors have lost contracts whilst work is being off-shored, all resulting in a tax loss to the Exchequer. Most large firms are refusing to treat taxpayers fairly and instead adopting policies that everyone has to be a “deemed employee” (or inside IR35) - meaning huge cuts in rates of pay, but without any employment benefits.

## The Chancellor promised an IR35 review - but has gone back on his word

During the general election, Sajid Javid promised a review of the IR35 legislation. But instead, the Government announced they would go ahead with the Off-Payroll Tax *anyway*, and have announced a meaningless consultation on the *implementation* only. This is clearly not a review, and contrary to the Chancellor’s promise. It’s farcical to pledge a review whilst stating it will go ahead regardless.

## What is the Off-Payroll Tax?

**The new Off-payroll (IR35) 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) are supposed to pay these extra taxes on top of the payment made to the contractor, but are simply avoiding these substantial extra costs by passing their new tax bills on to workers, who end up paying employers’ taxation as well as employee taxation - a double tax which is grossly unfair. The roll-out is likely to lead to tax non-compliance as more desperate workers are lured into avoidance schemes, like the disastrous Loan Charge.

## The Treasury and HMRC’s case for the Off-Payroll Tax is flawed and based on misinformation

- 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 has ignored the findings of the last consultation, yet keep saying that they consulted!<sup>3</sup> Now are presenting a consultation on the implementation as a review of IR35, when it isn’t.

## Please support the UK’s flexible workforce and oppose the Off-Payroll Tax rollout

1. **Write to the Chancellor calling on him to halt the rollout and hold a genuine IR35 review**
2. **Raise the issue in Parliament - ask Parliamentary Questions/sign EDM 13**
3. **Tweet your support to @stopoffpayroll with #StopTheOffPayrollTax**

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

<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>