

# WHAT IS IR35?

IR35 was introduced in April 2000, and its name was taken from the original press release published by the Inland Revenue, as they were then, and now known as HMRC.



## WHAT DOES INSIDE IR35 MEAN?

- You carry out all of the work that your company is contracted to do personally
- You cannot delegate or provide somebody else to do the work on your behalf
- You have close supervision by somebody in your client's business
- You are supplied with the equipment by a client and work at their premises
- You do not work at your own risk and are paid for all the time you work

To be operating inside IR35 means that under the legislation you must pay the same tax as an employee. If you are found to be working inside IR35, you will usually have to pay a deemed payment of Income Tax at the end of the tax year to account for any tax deductions or NIC that an employee would have paid. You are limited to expenses of no more than 5% of your turnover. You cannot pay yourself by dividend



## WHAT DOES OUTSIDE IR35 MEAN?

- You have the right to delegate or substitute work contracted to another person and that right is exercised in practice
- Being paid on a project basis or at a fixed price
- You have the right to decide how and when you work and can send a substitute to do the job if you please
- You supply the appropriate equipment and may work from your own premises
- You work with more than one client at one time or on short successive projects with a variety of clients
- All rejected work is to be corrected at your own cost



## WHAT ARE THE NEW IR35 2021 RULES?

If the end-client (i.e. the agency where you are working) is a small company, you will be responsible for assessing whether IR35 applies

However, if the end-client is a large or medium-sized company as defined in the Companies Act 2006 with two or more of the following features, they will determine your IR35 status:

- Turnover of £10.2m or less
- A balance sheet total of £5.1m or less
- 50 employees or fewer

The majority of you will be working with small-sized end-clients / agencies with a turnover of less than £10.2m and less than 50 employees, deeming the agency exempt from IR35 rules. Easy. Then you will invoice us or them directly from your Limited Company

If the end-client/agency determines you are working within IR35 we will employ you, put you on our payroll and deduct PAYE and National Insurance at the source