

# APSCo responds to budget 'leak' on supposed income tax loophole

Submitted by: BlueSky Public Relations Ltd

Tuesday, 15 March 2016

---

APSCo responds to budget 'leak' on supposed income tax loophole

Proposals nothing short of lunacy

Responding to widespread reports in the press suggesting that George Osborne will use this week's budget to launch a crackdown on personal services companies (PSCs) in order to help plug a supposed £18 billion black hole in the economy, Samantha Hurley, Head of External Relations at The Association of Professional Staffing Companies (APSCo) commented:

"I cannot believe we have this old chestnut rearing its head yet again. According to 'government sources' the idea is to create a more level playing field between direct employees and those who work through a PSC as it believes that to tax people differently when doing the same job is unfair."

"But let's put this into context. The continual pressure on PSC income (let's not forget the changes in the taxation of dividends) has to be seen against the backdrop of the increased risk they take on as contractors. While no-one would argue that there may be a tax benefit to operating as a PSC, there are none of the benefits afforded to those who are directly employed - holiday pay, sick pay, redundancy payments and all the costs and risks associated with running their own business. Let's not also forget that contractors only get paid when they work – and have no guarantee of continuity of work. Using the sensational (and relatively uncommon) example of television presenters and sports stars is political posturing at its worst."

"This is the second time in less than four months that a Government source has leaked information about proposed action to be taken against PSCs. Last time it came to nothing, but here we are again. Rather than responding to fluctuations in the economy with knee-jerk reactions such as this, perhaps the Government would do better to listen to the outcome of the many consultations and reviews on this subject, and put together a coherent, long-term strategy for the taxation and support of the micro-businesses and the self-employed."

"Yesterday's reports suggested that engagers will take on more of a role in deciding how workers should be taxed – in other words deciding whether a worker sits inside or outside IR35, this could pose a huge commercial risk to both recruitment firms and end user clients and risk completely destabilising the professional flexible labour market."

"This whole issue represents a serious threat to the professional flexible recruitment sector. That flexibility is one of the key factors that allowed this country to come out of recession quicker than many of its EU counterparts and so to even consider damaging UK PLC's ability to compete in a global market would be nothing short of lunacy."

ENDS

Tracey Barrett

BlueSky PR

0771 2281631

tracey@bluesky-pr.com