

IR35 improvements still needed: APSCo calls for offset

Submitted by: BlueSky Public Relations Ltd

Thursday, 13 April 2023

With IR35 in the news again as celebrities including Gary Lineker and Eamon Holmes faced the outcome of their own legal battles, the Association of Professional Staffing Companies (APSCo) has reiterated its calls for changes to Off Payroll rules, including the need to introduce an offset mechanism to ensure double taxation isn't unfairly impacting staffing firms.

Tania Bowers, Global Public Policy Director at APSCo - a member of the HMRC Intermediaries and Employment Forum - comments:

"APSCo has long been vocal over the reforms that are needed to ensure Off Payroll legislation doesn't unfairly penalise both recruitment firms and highly skilled contractors. We continue to work closely with HMRC on changes to the rules including potential solutions to the double taxation that is inherent in the current rules. In its current form, Off Payroll legislates that HMRC can collect tax from the worker via corporation and personal taxes, and then recover full PAYE and NICs from the fee payer in the event of a reclassification. This is leading to recruiters and clients being unfairly taxed.

"While we anticipate news on a possible consultation on this matter will be unveiled in Spring, we stand by our view that Off Payroll itself is having a detrimental impact on the UK's flexible labour market. Off Payroll has exacerbated the shortage of skilled professionals, as many left the market during or following the roll out of the rules, not wanting to change the way they work. This has consequently decreased the flexibility and agility of the labour supply chain at a time when skills are in increasingly short supply.

"We believe wider reforms are needed and will continue to work closely with HMRC to guide any future developments on behalf of the staffing sector."

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About APSCo

The Association of Professional Staffing Companies (APSCo) is the trade association for the professional recruitment market. APSCo Global comprises APSCo Asia, APSCo Australia, APSCo Deutschland and APSCo United Kingdom as well as APSCo OutSource, the trade body for the RPO and MSP sectors.

Find out more: www.apsco.org