

APSCo welcomes IR35 offset mechanism consultation but calls for further reform

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Following the announcement today from HMRC of a consultation on a new offset mechanism which will be introduced into Off Payroll legislation to prevent double taxation, the Association of Professional Staffing Companies (APSCo) has welcomed the move, but warns more reform is needed.

Tania Bowers, Global Public Policy Director at APSCo, and member of the IR35 Forum, comments:

“Following APSCo’s involvement with HMRC in the development of this proposal we welcome the confirmation that HMRC are consulting on introducing an offset mechanism into Off Payroll to prevent double taxation which unfairly impacts clients and recruitment firms. However, we remain firm in our belief that even with this offset, the rules as they are currently written are not fit for purpose in the modern world of work. Given the level of Off Payroll receipts reported by the OBR last month, it is highly likely that many genuinely self-employed professionals are being forced to work via payroll due to clients’ over cautious approach of assessing assignments as “inside IR35”.

“This particular challenge is likely to have far more impact on highly skilled over 50’s workers deciding to stay or leave the labour market than the pension changes announced in the Budget which, given the Chancellor’s commitment to encouraging this segment of the population back into employment, is counter-intuitive. Self-employment through a PSC is the type of flexible, well-paid work that is highly attractive to the skilled professional over 50’s labour force and is a route to market that APSCo knows can keep skilled workers motivated well into their 60’s.

“There needs to be clarity – written into law – around the definitions of employment and accommodations are required to support the highly skilled flexible labour market in a fair manner. As it is currently defined, Off Payroll legislation is, in our view, unsatisfactory. There is a lack of clarity around highly-skilled self-employment in particular, leading to recruitment firms having the uncomfortable role of being the deemed employer, whilst not being responsible for the employment status decision. We remain adamant that Off Payroll needs a reform – something that we hope will be factored in as a follow up to the offset mechanism.”

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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