

hubbul, the home of freelancing and contracting respond to Budget 2016.

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Yesterday, The Chancellor announced plans to clampdown on tax avoidance for freelancers and contractors working through personal service companies in the public sector.

Commenting on the changes, which come into play April 2017, hubbul (<http://www.hubbul.com>) Founder, Mark Kirkbride said:

“Shifting the responsibility for tax from the individual contractor to the employer or recruitment agency will cloud already murky waters around IR35 status, and whether a contractor is under Supervision, Direction and Control.”

Employers and recruitment agencies

“Employers and recruitment agencies will feel the squeeze. Their own margins will erode as the cost of hiring contractors rise. Put simply, this reform has the potential to change the way companies hire and manage their contractor workforce altogether.

“As always it's about how reforms are enforced and regulated. We're expecting public sector employers and recruitment agencies to be under scrutiny with new, clear and objective tests to determine who is caught by the new rules.”

Contractors

“Contractors caught under the new changes will increase their rates to accommodate for the new rules, inflating the cost of operating a contractor workforce.

“There are some real positives to take from the Budget though. Freelancers and contractors will benefit from a reduction in Corporation Tax, an increase in tax free Personal Allowance, the scrapping of Class 2 National Insurance Contribution and ‘a tax break for the digital age for micro-entrepreneurs’, for people using platforms like Airbnb and Ebay.”

Notes

hubbul (<http://www.hubbul.com>), the home of freelancing, contracting and direct, on-demand hiring.

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Interviews available with hubbul (<http://www.hubbul.com>) Founder Mark Kirkbride, on request.