

APSCo responds to Office of Tax Simplification recommendations for the gig economy

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Following Friday's publication of the OFT discussion paper in which it is suggested that the Government should compel gig economy platforms such as Uber and Deliveroo, to offer to deduct tax from earnings and transfer it to HMRC, Samantha Hurley, Operations Director at APSCo (<http://www.apsco.org/>) commented:

"This is an interesting development as HMRC is currently consulting on off-payroll working in the private sector whether direct or through an intermediary and I imagine that the OTS report will feed into this. While a withholding tax was suggested as an option in a previous consultation, HMRC has ruled this out telling us that they feel that a system of withholding tax from everyone and then expecting those who were genuinely self-employed to claim back wrongly paid tax, would be inherently unfair. This new OFT recommendation is, of course slightly different in that it suggests withholding tax from workers who are, in fact, determined as self-employed. Consequently, it is likely that the end client would need to undertake a status determination."

"HMRC's preferred option is to roll out the current public sector off payroll rules into the private sector in which case the status of all payroll workers would need to be determined by the end client and appropriate taxes deducted. Whether a worker could then opt in to a withholding tax if found outside IR35 is an interesting idea as arguably it could help workers who struggle with the fiscal management and compliance requirements of being self-employed."

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