

IR35 classifications highlight 'broken' system, according to Engage

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Large numbers of IR35 status assessments carried out by contractors on high profile public sector infrastructure projects found that 98% of workers evaluated were inside IR35. The suspicion is that public sector contracts are subject to a blanket employment status approach to minimise risk. But this approach could itself be challenged as non-compliant as each assignment should be treated on its own merits, Alex Fraser at Engage (<https://www.engagetechnology.com/t2/>) explains:

“While of course the classification process isn’t simple, the fact that many projects have such a high number of contractors deemed to be inside IR35 has understandably raised concerns that the HMRC’s Check Employment Status for Tax (CEST) tool is either not being used properly or not returning an accurate result. In addition, a lack of accurate employment status data or poor record keeping can result in the ‘safest’ outcome being taken.”

“The simple fact is, lengthy, broken and siloed data collection and storage processes make it unnecessarily difficult to correctly define a workers employment status quickly and when IR35 off-payroll is extended to the private sector we can certainly expect to see more businesses facing similar accusations. It’s also completely unfair on those contractors who are caught up in this. The difficulty they have in proving their correct status in order to gain work is unacceptable. What we need is complete transparency and ease of use for end hirers, agencies and contractors.”

-ENDS

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