

Jesse Norman, Chief Secretary to the Treasury meets with APSCo

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Concerns raised around IR35 implementation logistics

APSCo (<http://www.apsco.org/>) Operations Director and Co-Chair of the HMRC IR35 Forum, Samantha Hurley has met with Jesse Norman, Chief Secretary to the Treasury to voice concerns about the logistics of the proposed implementation of the off-payroll rules due to come into force in April. APSCo has major concerns around the timetable for the implementation; the accuracy of the CEST Tool for making status determinations and the issue of umbrella/third party compliance.

Speaking about APSCo's concerns, Samantha Hurley said:

"The Government delayed the implementation of the off-payroll rules last year to give business time to prepare properly. However, here we are in January, less than three months from the implementation date and we are yet to see any final legislation. We are assuming that the legislation won't appear until after this review is complete, so it is likely that it will be published around a month, or less before the implementation date. In reality most businesses (both recruitment firms and end clients) are waiting for the legislation to be published before taking action. Some preparation may have taken place, but final processes can't be developed until they are sure of the detail of the legislation. Recent research by APSCo indicates that only half of businesses which rely on independent contractors are actively preparing for the rollout, reflecting a lack of understanding throughout the private sector of the impact these changes will have."

"While HMRC has developed the CEST tool as a no or low-cost option for businesses when making determinations, there are concerns about its accuracy. Due to these concerns many of our members and their end clients (like many public sector departments before them) are having to consider extra expenditure on other external suppliers to make determinations. A new sector is growing up out of these rules – providing determinations and insurances. Thought should be given to the cost of these rules for business, as we don't believe the cost of making the determination was properly considered.

"We believe that IR35 is a blunt instrument which HMRC has never been properly funded to enforce. The off-payroll changes will drive many genuinely self-employed professionals to leave self-employment entirely or abandon their Personal Service Companies to work within an umbrella company, as was the case for many independent contractors working within the public sector in 2017. Consequently, we also believe that the new rules will continue to drive increasing levels of non-compliant payment models, which the Government has been unable to get under control. There is a strongly-held view amongst our membership that they are still encountering large numbers of umbrella/third party companies offering non-compliant schemes to contractors. In fact, since the introduction of the public sector rules the number of inappropriate/non-compliant models we've seen via our legal helpdesk has grown massively."

"When this legislation was introduced into the public sector, research carried out by the Chartered Institute for Personnel & Development (CIPD) and IPSE, the Association for Independent Professionals and the Self-Employed found that more than half of public sector hiring managers felt that they had lost skilled contractors while nearly three-quarters (71%) were facing challenges in retaining contractors.

Consequently, we believe that off-payroll reform in the private sector will have a huge impact on high value and growth sectors of the economy which rely most heavily on independent contractors for their skills and flexibility, such as pharmaceuticals and technology – the consequences of this reform cannot be underestimated!”

- Ends

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