

```
6 values.append('we lead the way' + 'we strive for better' + 'we give a damn')
7
8 Talent = 'forward thinking recruitment'
9 True
10 >>>
11
12 f = open("agent_of_change.txt", "r")
13
14 def redefine (recruitment):
15     return'Talent are redefining' + recruitment
16
17 redefine (world_of_recruitment)
18
19 def Talent_cares (people):
20     if people - candidates == people - contractors == people - colleagues:
21     print('Talent cares about', people, 'as individuals')
22
23     else:
24     return Talent_beliefs
25
26 for belief in Talent_beliefs:
27     print(belief)
28
29     ~
30     power of potential
31     power of people
32     power of technology to change the world
33     >>>
34     ~
35
36 Talent_beliefs.append('being different')
37
38 print (Talent_beliefs[3], 'is the way to progress')
39
40 Talent_is_about = ' '
41
42 file Talent > just_recruitment:
```



Your guide to private sector

IR35 Reforms



Introduction

Private sector contractors and organisations are braced for reforms to off-payroll working rules (IR35), set to be introduced from April 2021.

The changes will see the responsibility for determining contractors' employment status shift to the organisation. They will apply to medium to large companies that meet two or more of the following criteria:

£10.2m+

Annual turnover

£5.1m+

Balance sheet

50+

Employees

If the reforms will impact you or your company and you're feeling apprehensive of the changes, we've created this guide to help put your mind at ease. It covers:

1. The risks of a 'blanket inside' approach
2. In-scope assessments: what are the options?
3. How will IR35 impact contractors?
4. Learning from the public sector
5. What companies and contractors need to do
6. How Talent can help you to navigate IR35

2. In-scope assessments: what are the options?

Some contracts will naturally sit inside of IR35, so companies must offer them as such. That is, unless the contracts are fundamentally changed to sit outside the legislation, bearing in mind the key assessment factors.

Meanwhile, many companies adopting a blanket approach may look to carry out case-by-case determinations in the future. But for now, here are three ways companies with an in-scope assessment can attract contractors.

Contractors don't have to deal with the stress of deliverables or financial risks or implications associated with working outside. For instance, having to complete projects in their own time, so out of their own pocket, in the event they run over.

It's not all about the money; flexibility, freedom and the chance to work on rewarding projects are all reasons why workers made the move to contracting. These benefits won't change when working inside.

If there's lots of competition for outside projects, contractors will need to consider whether they risk getting no pay when trying to find work, or if they'd rather have the reassurance and security of working inside, albeit with a slightly lighter pay packet.

The logo for 'Talent' features the word in a bold, sans-serif font. The letter 'T' is a dark blue color, while the letters 'alent' are black. A small blue square is positioned above the 'T'.

- 1. Cover the cash shortfall.** Seeing as a drop in their daily rate is a main concern among contractors when it comes to working inside IR35, companies may look to make up the shortfall.
- 2. Be upfront with contractors.** Any company considering moving to individual assessments in future should make their intentions clear to contractors. This might be enough to inspire them to take an inside contract, especially if it's with a renowned organisation.
- 3. Stress the benefits of working inside.** Contrary to popular belief, there are benefits of working inside IR35 and clients could do well relaying some of these to contractors.

2.4%
fall

UK tech freelancer numbers
down for first time in
5 years since IR35 tax
reforms hit public sector.

Office for National Statistics (ONS)

3. How will IR35 impact contractors?

There's likely to be a huge shift in the dynamics and perception of contractors.

We could see more contractors go permanent, fewer permanent roles may be available as a result, and clients might ease off on their reliance on contractors.

As to the full extent of how IR35 will impact the market, only time will tell.

In general, contractors are concerned about being paid less for contracts sitting inside IR35, as well as making accurate and fair assessments.

The impact for specialists in the market.

Many highly skilled tech and IT contractors will naturally sit outside of IR35 due to the nature of their work – they are employed to deliver a set project using their niche skills, then they move on once it's completed.

These sought-after contractors are likely to look for projects outside of IR35. Meaning, clients wishing to attract and hire them for projects should consider individual assessments to ensure they are fair and accurate.

Workers in the EU. If a UK contractor is working on a contract in the EU, the

best course of action is to take tax advice from the country they are working in. Contractors and clients should follow the tax rules of that specific country, and contractors should pay tax in that country too. EU companies should not hesitate to take on UK contractors just because of IR35.

Brexit. We're also currently contending with Brexit as well as IR35. In terms of Brexit and workers' rights, it's vital we retain freedom of movement of workers once the transition period ends. This would mean that EU companies can continue to benefit from highly-skilled UK contractors, and vice versa.

4. Learning from the public sector

It should provide contractors, clients and intermediaries with some peace of mind knowing that the public sector underwent the same reforms back in 2017 – and came out the other side unscathed.

While IR35 altered day-to-day working practices, the legislation has become the norm – albeit with a few learning curves and teething issues. Companies should take care to avoid a blanket approach when it comes to both policy and assessment. At Talent we can help guide you through the nuances of reducing the administrative burden whilst remaining compliant.

We are at a unique advantage in that we can apply the lessons learned from the public-sector roll-out to the private sector.

Mainly, that there will be initial uncertainty while we all adjust, and the nature of assessments may create more work for both parties, but it won't be long before the legislation is part and parcel of everyday working practice.

Avoid falling into the Public Sector trap.

Thousands of contractors could have grounds to appeal against wrongful tax treatment as 54% of assessments conducted by the Check Employment Status for Tax (CEST) tool determined that IR35 does not apply to the contract. The figure is believed to have resulted from unlawful blanket assessments conducted by public sector hirers.

Source: contractorcalculator.co.uk



54%

of assessments conducted by the Check Employment Status for Tax (CEST) tool determined that IR35 does not apply to the contract.

5. What companies and contractors need to do

With the countdown to April 2021 officially begun, there are several things companies and contractors can do to prepare for the changes and ensure a smooth transition.

Companies

- **Take the time** to thoroughly educate yourself on the legislation and its implications, as well as HMRC's Check Employment Status for Tax (CEST) tool for assessing contractors.
- **Educate your current** contractor base on the changes – i.e. through one-to-one conversations or group workshops.

Contractors

- **Educate yourself** on the legislation, its implications and on HMRC's CEST tool.

- **Offer advice** and support to your hirer – i.e. offer to run through assessments together to ensure that your assessment is accurate.

Ultimately, we're all in this together – clients, contractors and intermediaries like Talent will all be impacted by the reforms. The best thing we can do is to support one another and navigate the changes together.

The more informed and supported companies feel, the less likely they'll be pushed into blanket decisions which could cost them talented contractors. Likewise, the more informed and supported contractors feel, the less likely they'll make knee-jerk decisions that could leave them out of work or missing out on some truly fantastic projects.

6. How Talent can help you to navigate IR35

The most important thing isn't to offer every contract outside of IR35; it's to make sure every single assessment is fair and accurate.

Here are some of the ways Talent is supporting contractors and clients ahead of the private-sector IR35 reforms.

Support with using the CEST tool

We're running through the CEST tool with clients and contractors as well as the determining factors involved in assessments – including things like duty of care, deliverables and equipment. We help clients grasp these principles and can advise on how to ensure contracts remain outside IR35.

Extra level of due diligence

We've partnered with Qdos Contractor to provide what is essentially a second, more thorough status tool, comprising a questionnaire for contractors to complete once they begin a contract. Responses are sent to an IR35 expert within Talent, who assesses and reinforces their status to ensure that it's correct.

Health Check workplace audit

Our Health Check workplace audit involves us providing thorough assessments of a client's existing contractor base. We embed ourselves in their business to help them cut costs, streamline processes and make smarter and more informed recruiting decisions – all while remaining compliant with IR35 and avoiding any penalties.



Talent

```
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f = open("agent_of_change.txt", "r")  
  
def redefine (recruitment):  
    return 'Talent are redefining' + recruitment  
redefine (world_of_recruitment)  
  
def talent_cares (people):  
    people = 'candidates' or if people == 'contractors' or if  
    people = 'colleagues':  
    print ('Talent cares about', people, 'as individuals', ' ' )  
else:  
    return Talent_beliefs  
for belief in Talent_beliefs:  
    print (belief)  
  
power of potential
```

Don't panic!

Sure, IR35 will impact the private sector in more ways than one, as it did the public sector. Though, it will only be several months at most until it's 'business as usual' for private-sector organisations and the contractors that work for them.

Our best piece of advice? Don't panic! If you still have some questions or concerns, we're more than happy to chat. Simply send us an email and we'll come straight back to you.

ir35@talentinternational.com