



the **impact** of IR35
on your background
checking policies



By now you would be aware of the roll-out of IR35 to the private sector and now that the government have confirmed that HMRC will go ahead as planned on the 6th of April the implications to business is maybe wider spread then you are currently thinking.

Your HR team are no doubt assessing the many options available to you and reviewing the status of your workers. Some organisations will take the option to convert all their contractors to PAYE. Not necessarily the simplest option as it will lead to plenty of work for HR. With new terms, which may not be favourable to the contractor.



Whilst doing all of that and deciding on what route to take, spare a thought for the impact that IR35 could have on your pre-employment screening and background checking processes. Although there are legally specified differences between an employee and a contractor, including mutuality of obligation, control and substitution, the truth is many businesses may have contractors and employees undertaking similar or conducting identical roles.



However, often we see that the screening process isn't so similar or identical. Your employees may well have gone through a more rigorous onboarding and screening process than your contractors. This is often driven by a number of factors such as a need to get a contractor on-site for a time critical or temporary project, reduce the amount of admin for the HR team or the contractor comes through a third party that has carried out some checks in line with their policies. In fact, by the very definition of being a contractor, they are not an individual as such with the ability of substitution being set in law.

So, whether you are employing under PAYE, through a 3rd party or engaging the worker via limited company it's an opportunity to re-assess screening for contractors in line with what you do for permanent staff.





If you are one of the many companies who operate in a regulated environment this isn't a nice to have it's a requirement, the fact that a contractor has been working on and off for you before certainly won't be enough to satisfy your regulator.

Your screening provider should be supporting you through this with proactive advice and industry best practice, we certainly are with our clients.

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