



are you ready to manage the  
off-payroll working IR35 risk  
in the private sector?



## background

By now you will be aware that from April 2021 under the Off-payroll working regulations you will have to understand your financial and reputational risks by reviewing how you engage with contractors in your supply chain, specifically those who operate via their own limited company.

Lots of advisors can tell you the issues, the impact on costs, HMRC IR35 case law and so on but what you need now is a proven, trusted independent partner who will give you a robust tailor-made solution that clearly explains your risks with each option. Understanding the risks will dictate your decisions.

As an independent workforce management expert, **giant** is available to help you navigate the issues and to deliver the right solution for you. For in-depth background information please read our various white papers which can be found on our website.



## the issue

HMRC brought Off-payroll working legislation changes to the public sector in April 2017 making public sector bodies responsible for deciding the IR35 employment status of each assignment undertaken by a limited company contractor (it used to be the contractor's risk and responsibility).

The overwhelming majority of decisions were that contractors were inside IR35 and therefore liable to be taxed under PAYE. HMRC deemed this a great success and will implement the same regime in the private sector from April 2021 for qualifying companies. You qualify if you meet 2 of 3 criteria: a turnover greater than £10.2m; a balance sheet greater than £5.1m; and more than 50 employees.

What are the main changes to consider? You will:

- decide the contractor's IR35 status for each assignment using reasonable care
- issue a Status Determination Statement (SDS) to the next party in your supply chain and direct to the contractor explaining your IR35 decision
- have an appeals process for the contractor to challenge your decision
- have the risk that any failures in the supply chain can result in you becoming responsible for outstanding tax and national insurance payments

The financial risk of making the wrong decision is high. Clearly outside IR35 decisions carry the highest risk. A hirer's gross financial liability for lost tax, national insurance, apprenticeship levy, interest and moderate penalties over a 3-year period for an average contractor earning £100,000 pa is well over £100,000.

Perhaps the more damaging and long-lasting impact is on reputation. You work very hard to ensure your business is seen as fully compliant and above reproach so you will want to ensure all risk is understood and mitigated.



what do you need to do?

## assessment of contractor roles and your supply chain

Smarter assessments will ensure you do not lose out as you might with 'blanket' decisions. Peace of mind delivered by a thorough and consistent process also ensures that additional costs will be minimised as contractors proven to be 'outside' will not require additional remuneration.

Given the significant risks we suggest you also review your supply chain. A robust, compliant and financially secure supply chain is important, as compliance weaknesses anywhere in the chain can result in you bearing the risk.

First and foremost, you will want to audit your supply chain and review every role undertaken by a contractor working through their own limited company, noting the main factors for consideration including how critical the role is.

This will need to be completed on an ongoing basis to assess IR35 employment status.

The **giant** assessment service can carry out the IR35 review on your behalf using the HMRC CEST tool. (HMRC will not challenge a CEST decision unless information has been entered wrongly) In addition, **giant** can utilise an independent assessment tool which provides a more detailed assessment to support CEST, but also to highlight those roles requiring more verification. Our service will also provide the Status Determination Statement and cater for workers who can appeal assessment decisions.



## IR35 fee payer and employment solutions

Where contractors are inside IR35, but want to continue using their limited company, the IR35 fee payer (the party paying the contractors limited company) is responsible for the collection of appropriate PAYE taxes before paying the remainder to the limited company. As a proven trusted provider, we can take the responsibility as the IR35 fee payer.

We can also give you peace of mind by sitting in the supply chain with responsibility for contracting with and paying other agencies, the limited companies directly, umbrella workers and engaging workers directly as a Professional Employer Organisation.

## account and project management

The **giant** account manager will be an expert in your workforce management solution and they, with their team, are available to manage all aspects of Off-payroll worker engagement (including screening and on-boarding services) from IR35 contractor and supply chain audits, risk review and recommendations through to electronic timesheets and employment and IR35 fee-payer solutions, liaison with HMRC and subsequently to off-boarding. Our services are delivered using our own software. Please note we do not provide recruiting services.



## summary

Doing nothing is not an option. The financial and reputational risk of getting it wrong and the potential additional costs attached require serious attention before it is too late. The government has allowed some time for you to plan but April 2021 is fast approaching.

Call today to discuss which of these services is most appropriate for you to reduce the administrative overhead and risks associated with the changes.



## about **giant**

Since 1992 **giant** have provided specialist, end to end workforce management software and support services for organisations of all sizes. Globally.

We invest heavily in our cloud-based software which ranges from talent acquisition and on boarding through to timesheet management, billing and payroll. Our support services include candidate screening and employment solutions as well as legislative risk management including employment status advice.

You can relax knowing your data is safe with us. Our commitment to compliance protects your business from risk and our rigorous international security standard ISO 27001 ensures that your data is GDPR secure.

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