

IR35 off-payroll working
legislation: is an IR35 fee
payer your solution?

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what is off-payroll working

There is no doubt on the fact that the off-payroll working legislation will be getting implemented from April 2021 into the private sector. Many of you may still in the dark as to what the legislation stands for. It is a tax legislation which was introduced for the contractors who operate through their limited companies. Under this legislation, contractors that are found inside IR35 are supposed to be paying taxes and national insurance as an employee would.



when do the rules apply?

It is important that you as hirers understand when the rules apply and when you'll be affected by this. HMRC have given leverage to small companies that they can be exempt from the scope of IR35. The criteria for small companies is given as follows:

- have an annual turnover of more than £10.2 million or
- have a balance sheet total i.e. the total amounts shown as assets in the company's balance sheet before deducting any liabilities of more than £5.1 million or
- have more than 50 employees

Companies have to meet at least two of the above mentioned conditions to be exempt from off-payroll working and its rules.



changes it brings

Off-payroll working was initially introduced in April 2000 for the public sector. After much delay due to the coronavirus, it is finally going to be implemented for the private sector in April 2021. Earlier the contractors themselves were responsible for determining their employment status and deciding whether they're inside or outside IR35. But now, the HMRC has passed down the responsibility to the hirers on determining the employment status of their contractors. As the responsibility has shifted, the risk has also shifted down to the hirers. This risk is not only financial, but also reputational.



what is a fee-payer?

A fee-payer is required where a contractor still wants to provide their services via their limited company, whether inside or outside IR35. A fee-payer is the party in the supply chain that pays the contractor's limited company. It can be you the hirer, a recruitment agency or an intermediary. A fee-payer is responsible to make appropriate deductions before paying the contractor.

The role of a fee-payer is crucial, as the risk is transferred to them. A fee-payer in general has two main responsibilities:

- tax deductions
- paying HMRC

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giant IR35 fee-payer

To assist you better, at **giant**, we have the assessment service as well as fee-payer service. You can completely rely on us for compliance and support. We will take care of everything for you. From determining the employment status of your contractors, to reviewing their working practices on an individual basis, then to finally becoming their fee-payer, we have got it all covered at **giant**.

The benefit of availing this service for your contractors is that they'll know their employment status based on each assignment. It will eradicate the dilemma of getting caught by HMRC, and your contractors will also get to keep their limited companies. Moreover, the service of reassessment is also available for contractors after a certain time period as an added benefit. You as hirers will be having a smooth and efficient transition through **giant** IR35 fee payer.

Off-payroll working's implementation in the private sector will be a game changer for a lot of companies.



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 onboarding through to timesheet management, billing and payroll. Our support services include candidate screening, employment solutions and 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.



 0330 024 0946

hello@giantprecision.com
www.giantprecision.com

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