

Professional Assignment Reviews

Fixed Cost per Annum

Special Offer
Now from only £179

**Unlimited IR35
assignment reviews for
a year**

**Includes free defence
to new first stage
enquiry**

Apply Now

HMRC Consultation on Offshore Employment Intermediaries

What changes are ALL contractors likely to experience as a result of the recent HMRC Consultation on Offshore Employment Intermediaries?

You could be forgiven for passing over this consultation in the belief that it would only affect those workers who operate through an offshore provider; this is not the case and all contractors are likely to see an impact when the final legislation comes in to effect in April 2014.

Whilst it is impossible to predict what the final legislation will look like there are clear pointers and guides that provide valuable clues as to what we are likely to see emerge and from these we can assess the changes that are likely to appear in the market.

Underpinning the whole change is that HMRC are looking to make a recruitment company liable for any shortfalls in taxes due where a worker uses the services of an offshore provider.

The simple outcome of this will be that recruitment companies are unlikely to allow their workers to operate through any offshore provider post April 2014 although as you will see it is

not that simple.

It looks like recruitment companies will have a number of other obligations placed on them through these new rules that will create checks on all workers and structures to ensure they **'fully understand how their workers are ultimately paid'**.

Below we look at some of the headline statements and examine the impact across contractors.

Recruitment companies will need to collect, retain and report information about how ALL of the workers they place with end clients are ultimately paid and engaged

This aspect means that recruitment companies are likely to require far more information from contractors they supply on operating structures and service providers.

Umbrella Workers

Contractors that use an Umbrella Service are likely to find many more recruitment companies moving to preferred supplier listings [PSL] where the contractor will have to use one of the predetermined panel of providers to operate through. This allows the recruiters an element of control on compliance as they can assess these providers in advance.

Contractors will find that on contract changes leading up to the introduction of the new rules they maybe asked to move to one of these PSL providers.

continued >

IT Contractors

Want to save at least £300 on your PI insurance

- Pay monthly
- Only pay when on contract
- Covers the whole 6 year liability period - other monthly plans don't do this
- 30 seconds to apply, get covered and receive your certificate
- Underwritten by Hiscox the largest name in this market

Confused; need some help -

Contact the Professional Passport Members Helpline for unbiased advice and support

< continued

Contractors have asked Professional Passport on many occasions whether a recruitment company can legally require them to operate through a designated umbrella; the simple answer is yes.

Professional Passport are working with many recruitment companies and end clients and contractors should find that by selecting an umbrella provider that has been audited and approved by Professional Passport they can achieve continuity.

Limited company contractors

Contractors who operate through their own limited companies are also like to see an increased level of due diligence carried out by recruiters.

The recruiters will have to make checks to confirm that the company is operated and registered onshore as well as director checks to ensure it is not a misguided offering by an offshore provider.

Many offshore providers have become very good at disguising the true nature of their arrangements which means that the limited company contractor will have to provide a higher level of information to confirm their situation.

The positive is that over time we are likely to see a 'standard' level of information required by companies which will allow the limited company contractor to put an 'agency pack' together.

For Clarity

A new website has been launched claiming to offer a 'compliance passport' for IR35; we would like to make it clear that we have no association with the site or any of the views expressed.

Our position remains unchanged in that contractors who have concerns over IR35 should have a full assignment review to establish the facts. With the new HMRC processes many contractors have already benefited from this as they have been able to provide evidence of the checks made from a respected organisation. HMRC have quickly closed the enquiry and confirmed that no further enquiries will be made for at least 3 years.

We are not convinced that the process suggested on this new site adds any value to contractors and could actually achieve the opposite if HMRC view this as a way to try and misrepresent the true position.

If you are looking to have an accurate assessment of your IR35 status we would suggest you have an assignment review that also includes free defence cover to first stage enquiry. You can access full details here:

www.professionalpassport.com/Contractors/Member-services/296