



## What is IR35

Advice, help and information. Understanding off-payroll working.

### Overview

Many businesses and organisations have been impacted with the reform to **IR35 taxation** laws that came into force on the 6th April 2021.

- Does your organisation **work directly** with **LTD contractors** for off-payroll solutions?
- Are you aware you could be subject to a **legal investigation** from HMRC which could result in financial penalties?
- Do you fully understand **how the changes impact you?**
- Are you confident you know **how to be compliant?**

### What are the changes?

Prior to April 2021, it was the responsibility of the LTD company to determine their IR35 status. It is now the client that is responsible for determining the IR35 status of all PSC/LTD company contractors they are working with.

As a result, this means you could now be subject to an investigation by HMRC, the consequences of which could be legal action, large, backdated tax bills, and additional financial penalties.

For clients with multiple contractor engagements across different business areas, this could mean a dramatic increase in administrative workload.

Not only is this extremely time-consuming and costly, but many organisations are also unclear which individual within the organisation the responsibility of compliance should lie.

### How do I ensure compliance?

In order to comply with the new rules, clients must take reasonable care in assessing the working practices of each contractor to determine their IR35 status.

### But what is reasonable care?

Reasonable care is the **review** and **documentation** of working practices for each and every **contract engagement with a Limited company** to determine their IR35 status. This is evidenced in a document known as a **Status Determination Statement (SDS)**, and one **MUST** be completed for every single engagement, including contract extensions.

### We can help!

We have created a solution that relieves both the timely administration involved in being compliant and the risk of costly fines imposed by the HMRC following a legal investigation.

We will work alongside your business to absorb **all** of the administration requirements.

This will include a thorough review of each individual contract engagement to determine and pinpoint the IR35 status. If a result is borderline between inside/outside, we will undergo a

consultation phase to ensure a definitive status is produced. Where appropriate, we will recommend changes to strengthen the final determination. Once agreed, we will produce a detailed SDS on your behalf, which can then be documented as evidence that reasonable care has been taken.

### **We can reduce your financial risks**

Even after an organisation uses reasonable care to determine the IR35 status of their LTD company engagements, including producing an SDS for each contract, there is still the risk of an investigation by HMRC, which could result in tax arrears and financial penalties should they disagree with your process or SDS. Using KCGroup as subject matter experts, we can help your business to ensure compliance and reduce any risk from HMRC investigations.

<b>What you will get</b>	<b>KC Group</b>	<b>Traditional</b>
Free role-based assessments	✓	✓
Individual assessments (inc. SDS)	✓	✓
Integrated status disagreement process	✓	✗
Downloadable reports and recommendations	✓	✗
Audit log for your records	✓	✗
Access to IR35 Protect insurance	✓	✗
IR35 training for your staff	✓	✗
Unlimited access to IR35 helpline	✓	✗
Full assessment of contracts	✓	✗
Support with events and client meetings	✓	✗
Regular tax and legal updates	✓	✗
Annual review and risk assessment	✓	✗
Expert review of borderline results	✓	✗

### **Talk to us!**

If you have any questions, please contact us on:

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