

# Off payroll working – April 2021 changes for the private sector

## What's the new law all about?

On **6 April 2021**, the delayed off payroll working/IR35 rules take effect **in the private sector**, being brought in to address non-compliance with IR35 in the private sector. The new law:

- applies when an **individual provides services personally** to a **client/end user via a qualifying intermediary** (personal service company, partnership or individual);
- moves responsibility for determining employment status and deducting payroll taxes to the client/end user.

## Do the new rules affect me?

The law affects **all UK businesses** that **use intermediaries** other than those in the **small business exemption**, and requires cooperation along the contingent labour supply chain.

## Is “doing nothing” an option?

Not without risking a tax bill, HMRC investigation and bad press.

## What must end users do to comply?

- Use **reasonable care** to make **employment status determination statement (SDS)**/IR35 assessments for their contractors, asking if, absent the intermediary, the nature and conditions of the work would cause the worker to be classed, for tax purposes, as an employee;
- **before first payment**, provide a copy of the SDS, and rationale, to the contractor and down the supply chain;
- implement a **process** for **resolving** employment status **disputes** (and appeals); respond to challenges within the 45 day time limit.

## As end users, what steps should we be taking now?

**The team:** Who will take ownership of off payroll working compliance? Multi-disciplinary: HR, tax, procurement, legal.

**Audit of contingent workforce and review of labour supply chains:** Who are your contractors and how are they engaged (e.g., directly, through personal service company or umbrella)?

**Assess the impact of the new regime:** Carry out SDSs and analyse what impact the new regime will have. Do engagements need ending, or renegotiating? Do working practices and arrangements need to change?

**Implementing compliance process going forward:** How will new contractors be identified? How will working practices be monitored and how will SDSs be kept up to date?

This is a snapshot summary of the key provisions only. If you have any questions or would like assistance with off payroll working compliance, please contact **Jonathan Maude** ([jmaude@vedderprice.com](mailto:jmaude@vedderprice.com)), **Esther Langdon** ([elangdon@vedderprice.com](mailto:elangdon@vedderprice.com)), or **Daniel Stander** ([dstander@vedderprice.com](mailto:dstander@vedderprice.com)).