

IR35 legislation allows HMRC to ignore the legal relationship and look at the facts. If what you are doing looks like a job, then they can decide to classify it as such.

One way that clients/employers have been getting around this is to enter into a contract with a company rather than an individual. Be quite clear about the purpose of this approach: it is to push the risk away from the client and onto the supplier. The risk is that you will be expected to pay both employer's and employee's national insurance contributions, as well as PAYE tax at the usual rates.

If the work you are doing feels more like a temp job than a contract for services, be very careful.

### **HMRC guidelines include the following tests**

As a general guide as to whether a worker is an employee or self-employed; if the answer is 'Yes' to all of the following questions, then the worker is probably an employee:

- Do you have to do the work yourself?
- Can someone tell you at any time what to do, where to carry out the work or when and how to do it?
- Can you work a set amount of hours?
- Can someone move you from task to task?
- Are you paid by the hour, week, or month?
- Can you get overtime pay or bonus payments?

If the answer is 'Yes' to all of the following questions, it will usually mean that the worker is self-employed:

- Can you hire someone to do the work or engage helpers at your own expense?
- Do you risk your own money?
- Do you provide the main items of equipment they need to do the job, not just the small tools that many employees provide for themselves?
- Do you agree to do a job for a fixed price regardless of how long the job may take?
- Can you decide what work to do, how and when to do the work and where to provide the services?
- Do you regularly work for a number of different people?
- Do you have to correct unsatisfactory work in your own time and at your own expense?

In a more general sense, by creating a brand identity and actively seeking to attract other clients (for example, by advertising, networking or through your website) you can demonstrate that, whatever your situation in the short-term, your goal is to build a business, not avoid tax.

We can offer:

### **A personalised review by a tax expert, for £700 plus VAT.**

For this, an independent tax consultant will meet with you to discuss your specific situation, including your contract. He will suggest changes to the contract and issue you with a written opinion that you can show to HMRC, if required, as well as a personal report on the actions you need to take to stay on the right side of the legislation.

### **Umbrella company service**

You can eliminate all the risk, and keep around 80% of your gross earnings by using our umbrella company structure. And we do all the accounts and other admin: ask us for more information.