

IR35 PRIVATE SECTOR REFORM: REVIEW ANNOUNCED BUT 6 APRIL 2020 TARGET DATE UNCHANGED

09 January 2020

The existing public sector restrictions and rules on off-payroll working (IR35) will be extended to medium and large private sector employers from 6th April 2020.

Under the controversial change, instead of the contractor having responsibility for determining their employment status for tax purposes, the client or hirer will need to make that call. The hirer could be liable for any missing tax if they get the decision wrong. As a result, some well-known large employers have announced they are ending contracting arrangements via Personal Services Companies (PSCs).

In the run-up to the December election, concern about the difficulty of assessing tax status correctly led to the Conservative, Labour and Liberal Democrat parties all promising a review of the planned changes if elected. As promised, on 7th January 2020 HM Treasury launched a review into the implementation of changes to be concluded by mid-February.

Rather than reviewing "if" or "when" the changes will be introduced, the press release makes it clear that the changes are coming into force on 6th April and the review is about smoothing the edges of the "how". The press release states that the review:

- "Will focus on the implementation of these reforms, which are due to come into force on 6th April 2020";
- "Determine if any further steps can be taken to ensure the smooth and successful implementation of the reforms, which are due to come into force in April 2020"; and
- "The purpose of this consultation is to make sure that the implementation of these changes in April is as smooth as possible".

(The relatively short press release mentions the April 2020 implementation date six times)

As equivalent changes have been in place for public sector employers since 2017, any amendments to the April 2020 changes as a result of this review are likely to be tweaks rather than substantive.

Employers who receive services from individual workers through an intermediary need to ensure that they are ready to implement the changes before 6th April 2020. Getting it wrong could result in liability for the unpaid tax.

We therefore recommend that businesses continue to prepare for the introduction of the revised IR35 rules on 6 April.

To get ready for the changes, see our earlier alert [IR35 private sector reform: Get ready for April changes](#) in which our tax experts unpack the 'who, what and when' of the draft legislation and HMRC guidance and their potential impact on employers.

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