

The IR35 off-payroll working rules are changing



If you use sub-contractors employed through their own Personal Service Company, you may have new tax responsibilities from 6th April 2020.

Where the contractor falls within the definition of an employee for the purposes of the off-payroll working rules (IR35), you will need to account for Pay As You Earn (PAYE) and National Insurance (NI) on payments made to them.

Overview

IR35 rules change on 6th April 2020. From this date, all medium and large-sized businesses will be responsible for deciding the employment status of workers.

Who the rules apply to:

The rules apply to private sector companies that meet two or more of the following conditions:



have an **annual turnover** of more than **£10.2 million**



have a **balance sheet** total of more than **£5.1 million**



have more than **50 employees**



What you need to do

You will need to decide the employment status of a worker and you must do this for every contract you agree with an agency or worker.

Where a contractor falls within the definition of an employee for the purposes of IR35, you will need to account for PAYE and NI on payments made to them.

Small-sized businesses in the private sector will not have to decide the employment status of their workers. This will remain the responsibility of the worker's intermediary.



Contact our specialists

For more information, please contact our payroll department payroll@wilsonwright.co.uk