

IR35: Private sector companies affected by the changes

18 JULY 2019

CATEGORY:
[ARTICLE](#)



Only larger businesses will be affected by the changes. The government intends to use similar criteria to define small businesses as those found in the Companies Act 2006. A company is 'small' if it meets at least two of the following conditions:

- annual turnover of not more than £10.2 million;
- balance sheet total not more than £5.1 million;
- average number of employees not more than 50.

It is not clear, if a business is growing, at what point the rules will apply once it crosses the threshold.

The Government has now published its [responses](#) to a recent consultation on the details of the new rules with further information [here](#) and [here](#). Concern is growing that nevertheless there will be little time for individuals and organisations to prepare. The industry is also concerned about the need for improvements to the existing online assessment tool, which many regard as not fit for purpose.

In light of this some businesses are proposing to take a 'blanket' approach and classify all their consultants as employees for tax purposes, to avoid ambiguity and the possibility of penalties.

How can we help?

If you are concerned about the effects of the IR35 changes and what this may mean for your business, we can help you:

- understand the implications of the new rules;
- audit your workforce in order to assess whether those working for you through PSCs are caught by the rules;
- advise on whether a blanket approach to classifying contractors would be the best option for you;
- advise who will be liable to make the payment of PAYE and NI in a given situation; and
- help you find creative but legally compliant solutions to the problems thrown up by the new rules.

Speak to a member of our [employment](#) and [tax](#) teams to find out more.