
December 2015

Topic: IR35 Update

HMRC IR35 Forum

Following an IR35 Forum meeting yesterday HMRC representatives confirmed that they would not have time to put in place any changes to IR35 that would take effect in April 2016. This is of course good news in the short term, but HMRC would not be drawn on what further action they would be taking or any timescales for that. The official line is that the Government is still reviewing the responses to the discussion document published in the summer. If I had to guess I would say that we will see a consultation in the first half of 2016, with a view to changes happening in April 2017.

Online Status Tool

With a view to improving clarity, HMRC are in the process of developing an online status tool specifically to indicate whether an individual is likely to be in or outside IR35. The plan is that a beta test tool will be available in Spring 2016, and HMRC are very keen for as many scenarios as possible to be tested.

On the face of it this sounds like a very good idea. I think anything that can add clarity to someone's IR35 status must be welcomed and supported. However, its effectiveness will depend on how the tool is developed; whether it is appropriate; whether HMRC listens to the response from business when they test it; and whether the outcome can be relied upon.

It is their intention that this online tool would replace the current contract review service.

We will of course keep you up to date as and when we have further information.