

# NEWSLETTER - Apr'20

## WELCOME

"With each unique client we challenge ourselves to ensure you achieve strategic growth within your organisation"

We achieve this with emphasis on  
clear and concise reporting

HELPING YOU MAKE THE CONNECTION BETWEEN  
SALES, FINANCE & PROFITS

**F D** OUTSOURCE

more than accountants

# IR35 Reforms Delayed by 12 Months

The government has postponed its controversial IR35 reforms to off-payroll working in the private sector.

Chief treasury secretary, Steve Barclay, announced the 12-month delay during a mid-March Budget debate in the House of Commons, where MPs sought ways to protect the economy during the fast-escalating COVID-19 crisis.

The IR35 delay is no doubt welcomed by Britain's populous community of contractors and the private organisations that use them, but they should keep in mind Steve Barclay's warning:

"This is not a cancellation, and the government remains committed to introducing this policy."

At the time of writing, there are no planned changes to the reforms, just that they will now come into effect on 6th April 2021.

---

## The Birth of IR35

IR35 was first announced in 2000, and it's a set of rules that tries to remove a loophole often informally called 'disguised employment'.

Disguised employment is when contractors have the tax advantages of providing work through limited companies but have work practices that are the same as any standard employee.

In the eyes of HMRC, that's a problem.

HMRC says that disguised employees should be taxed, like employees, on a Pay As You Earn (PAYE) basis—a higher rate of tax. And if someone's been a disguised employee for a long time and gets caught, they could owe hundreds of thousands in backdated tax.

So, under IR35 rules, if contractors take on jobs that are classed as 'outside IR35', they can continue to enjoy the tax benefits of off-payroll working. But if they're 'inside IR35', the contractors are taxed PAYE.

But IR35 classification isn't easy.

---

## **IR35 Controversy**

In 2017, the same IR35 reforms were first introduced to the public sector. Under the new rules, it became the responsibility of the client (the paying company or agency) to decide contractors' IR35 statuses. The impact was massive.

The naturally risk-averse public sector introduced blanket 'inside IR35' statuses, forcing contractors onto PAYE—the thinking being that mistakenly overpaying tax is safer than underpaying. But that left contractors out of pocket.

There then followed a near-instant brain-drain of highly skilled contractors over to the private sector to continue working 'outside IR35'.

But in 2018, then-Chancellor Philip Hammond announced plans to extend IR35 into the private sector in the hope of bringing in £1.3bn a year. The private sector's response?

Hostile.....

In fact, the House of Lords joined forces with the contractor community, and together they pressured the government to reconsider its reforms for the sake of the UK economy.

As the year 2020 arrived, the government stood firm with its plan to unleash the reforms on 6th April.

But then the global pandemic broke out.

---

## **IR35 and COVID-19'**

Because coronavirus brought the world's economy to a near-standstill, the government was left with no choice but to postpone the IR35 reforms.

The IR35 delay formed part of the government's £350bn emergency coronavirus package, but it's important to remember that's all it is: a delay.

So while there are far more important things in life for us to focus on at this time, be mindful that IR35 reforms will be back.

---

To Our Stakeholders

FD Outsource is committed to working directly with Sales Driven MD's within their specialised sector to ensure they achieve continual strategic growth.

The Strategic Growth can be measured against the business plan using quantifiable financial measures.

These financial measures can be within Sales/Revenue, Gross Margins, Cashflow, Profitability and Net Worth.

The milestones set in the business plan will be monitored and reviewed at regular intervals through the business life cycle with continual focus on succession planning with the management team.

Our internal core values can be seen within our 5c Guarantee provided to all clients. These are:

- Communication
- Creativity
- Coherence
- Commitment
- Conclusion

### Analyse , Identify and Plan

Our priority is that cash flow doesn't become a Barrier to Growth and business profits be converted in to personal wealth.

Sincerely

A handwritten signature in white ink that reads 'Mark Terrington'.

Mark Terrington  
Founder & CEO



WE WORK WITH SALES DRIVEN  
BUSINESS OWNERS

HELPING YOU MAKE THE CONNECTION  
BETWEEN  
SALES, FINANCE AND PROFITS



**OUTSOURCE**  
more than accountants

For a Free discussion on how you can  
make the connection and convert  
business profit in to personal wealth.  
Contact us today

[enquiries@fdoutsources.co.uk](mailto:enquiries@fdoutsources.co.uk)