

# Off-payroll rules

Blake Morgan can help you

The off-payroll rules are set to become a reality for all organisations in the private sector with effect from 6 April 2021. The legislation extending the off-payroll rules to the private sector also results in some new compliance related obligations for public sector bodies to get to grips with. You are offered the opportunity to ensure compliance with the upcoming changes to the taxation of your contractors and consultants.

The new rules will place an obligation on your organisation as a client to make an assessment of the status of your contractors and to ensure the correct tax is deducted. The key question is: can the contractor be considered to be an employee of the client for tax purposes? Answering this question requires the use of HMRC's assessment tools. If the answer is that the contractor should be an employee for tax purposes and there

is an intermediate company (or personal services company) involved in the arrangement, then payroll taxes must be deducted. The exact point at which that tax must be deducted depends on the length of your supply chain.

Preparation for the new rules is key to a successful implementation. Part of this exercise will be the gathering of data in relation to all your contractor relationships and an assessment of the terms of that relationship. Once the nature of your contractor population is fully understood and you have an understanding of the differing terms on which contractors do engage with your organisation, you will be properly positioned to take decisions regarding new contracting terms. You can then develop processes to on-board new contractors (and for renewing existing relationships) and implement these.

Blake Morgan can assist you with your data gathering exercise and the assessment of your contractor terms of engagement. We have developed a number of options which you can access, including:

- An audit template which you can use to assess a contractor engagement and make an initial assessment of whether or not the relationship will be caught by the off-payroll rules. We will then hold a review meeting with you to work through the audit template findings with you.
- Our expert employment and tax team will review your template terms and conditions with contractors. We recognise that you may have more than one contracting arrangement and these may be captured in different contracting terms. In these circumstances we will review the contracting suite and propose drafting changes to your template terms and conditions.

For more information on how off-payroll rules may impact your organisation, please contact a member of our employment or tax teams.

Please contact any one of the team below for an initial discussion and to see how we can help you prepare for this change in your organisation.



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