

# IR35—Working in the Public Sector

## Recent Changes—IR35 (A Quick Summary)

Recent changes announced in the 2016 Autumn Statement saw a big change in who is responsible for determining whether an assignment is inside or outside IR35. This change has now seen decision making go from the Contractor to the Public Sector Body.

Determining IR35 status will be done via a new online tool which has been created by HMRC and has been released in March 2017 in readiness for the changes which will commence on 6th April 2017. To access the tool please visit: <https://www.gov.uk/guidance/check-employment-status-for-tax>

Moving forward the Public Sector Body will communicate the IR35 status on all roles advertised prior to any appointment being made. If an assignment is inside IR35 the Agency will be required to run a “deemed PAYE” scheme which will result in employer’s NI, employee’s NI and tax being deducted on rates before paying the remaining ‘Gross Pay’ to the Contractor. This means that Contractors could see around 20-25% of their take home pay reduced.

Other changes announced included Flat Rate VAT being increased from 14.5% to 16.5% and the 5% allowance towards notional expenses no longer being available for Limited Company’s, this means that insurance and accountancy costs can no longer be deducted as expenses.

Apsiz Services are still committed to covering roles in both the Private and Public Sector, whether this be on an interim or permanent basis, and whether it is inside or outside IR35. Therefore we have ensured that we are prepared for the legislation changes when they take effect on 6th April and are continually able to support our Contractors (both new and existing) in finding a role.

## Options for working in the Public Sector via Apsiz Services from 6th April 2017

Depending on the IR35 status, Apsiz Services offer the following guidance and support for new and existing Contractors looking to work in in the Public Sector.

### Limited Company (outside IR35):

- If a role is outside IR35, the Contractor will be able to bill via their own Limited Company. PAYE and NICs deductions are not required when a role is inside IR35 by the Agency. For most Contractors, this will be business as usual.

### PAYE (inside IR35):

- If placed in a role that falls inside IR35, Apsiz Services will be required to deduct PAYE and NICs before paying the Contractor. Going via PAYE with Apsiz Services means that you can continue to operate and bill via your own Limited Company.

### Umbrella Company (inside IR35):

- Another option is to go via an Umbrella Company. This option removes the need for a Limited Company and also allows you some benefits while still working as a Contractor (i.e. Holiday Pay). All matters relating to insurances, HMRC reporting, organising expenses etc. are removed as all the Limited Company administration is completed by the Umbrella Company who in turn charge a fee on every timesheet paid. This option removes IR35 risk as you are classed as an employee of the Umbrella Company and they deduct PAYE and NICs before paying the Contractor.

Please feel free to get in touch if you would like to discuss this further or require additional information.