



TaylorWessing

IR35 Webinar

28 September 2021 | Paul Callaghan and Joe Aiston

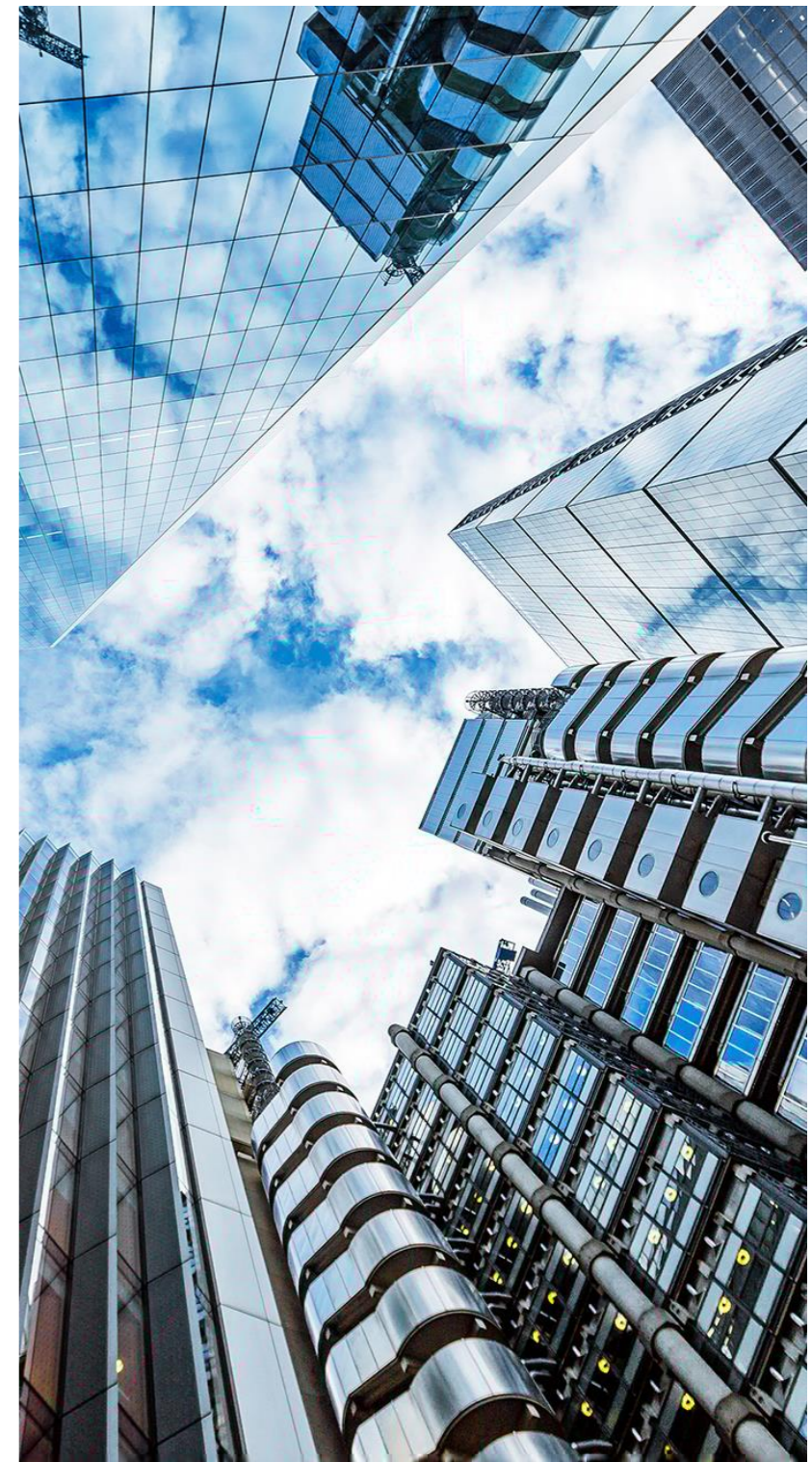
Private and confidential



| IR35 changes from 6 April 2021

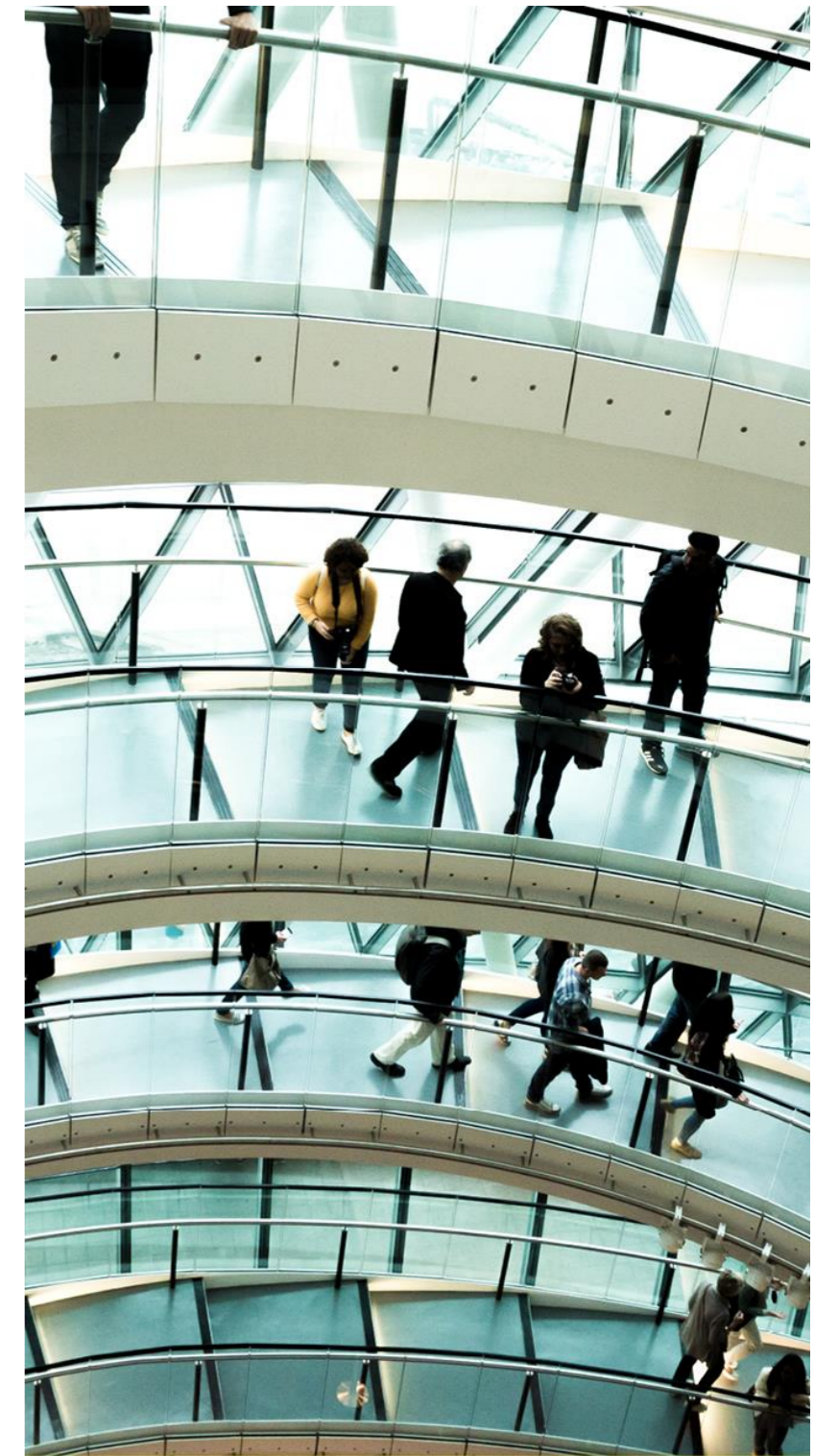
What is IR35?

- "IR35" is a tax rule: contractors using their own limited company must PAYE all amounts received by their company if, but for their company, there would be an employment relationship with the end-user
- Prior to 6 April 2021, private sector contractors using limited companies had to determine IR35 and operate PAYE
- Previously, end-user (largely) protected and could pay gross



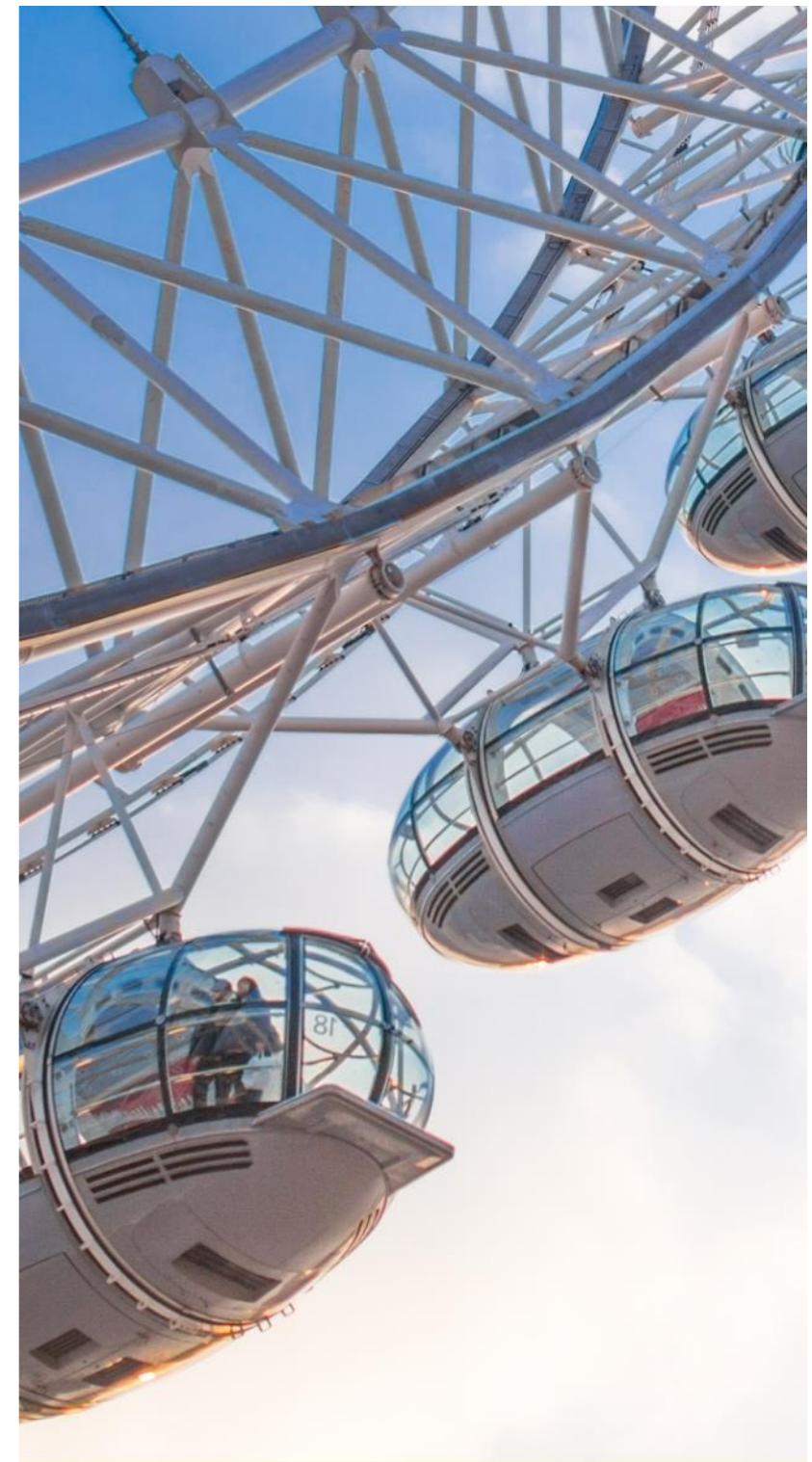
How has IR35 changed?

- From 6 April 2021: responsibility for assessing IR35 and operating PAYE shifted to the "**end-user client**"
- PAYE withholdings (tax and employee NICs) must be made and paid to HMRC and employer NICs (currently 13.8%) paid by the "**fee payer**"
- Liability (including for penalties and interest) for:
 - not making the correct deductions for tax and employee NICs: **fee-payer**
 - employer's NICs: **fee-payer**
 - determining status: **end-user client**



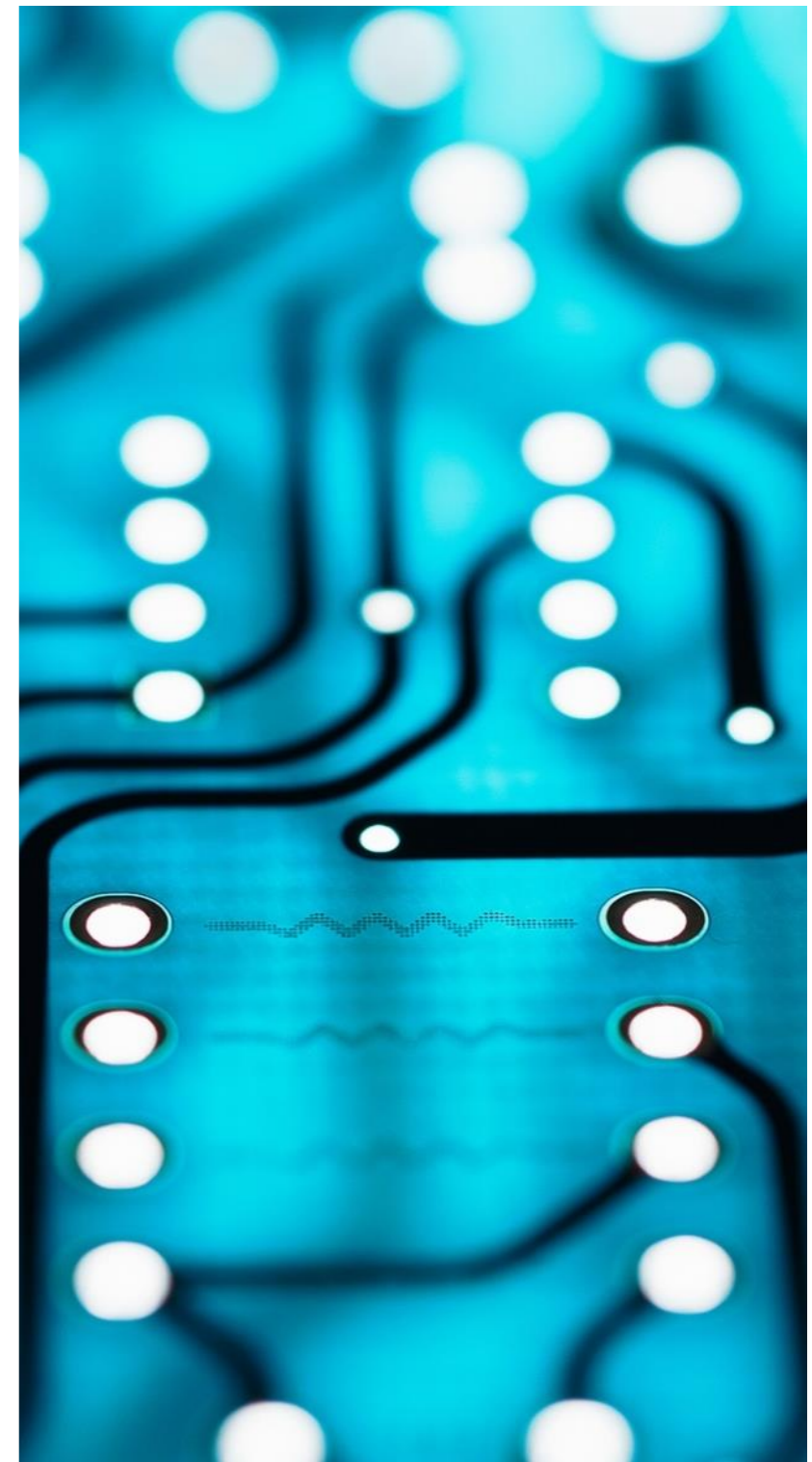
Small Business Exemption

- From 6 April 2021 new IR35 rules apply to **all medium and large businesses**
- The rules do not apply to "small" businesses
- A small business is one which meets at least **two of three** criteria:
 1. 50 or fewer employees
 2. £10.2 million or less annual turnover
 3. £5.1 million or less on the annual balance sheet



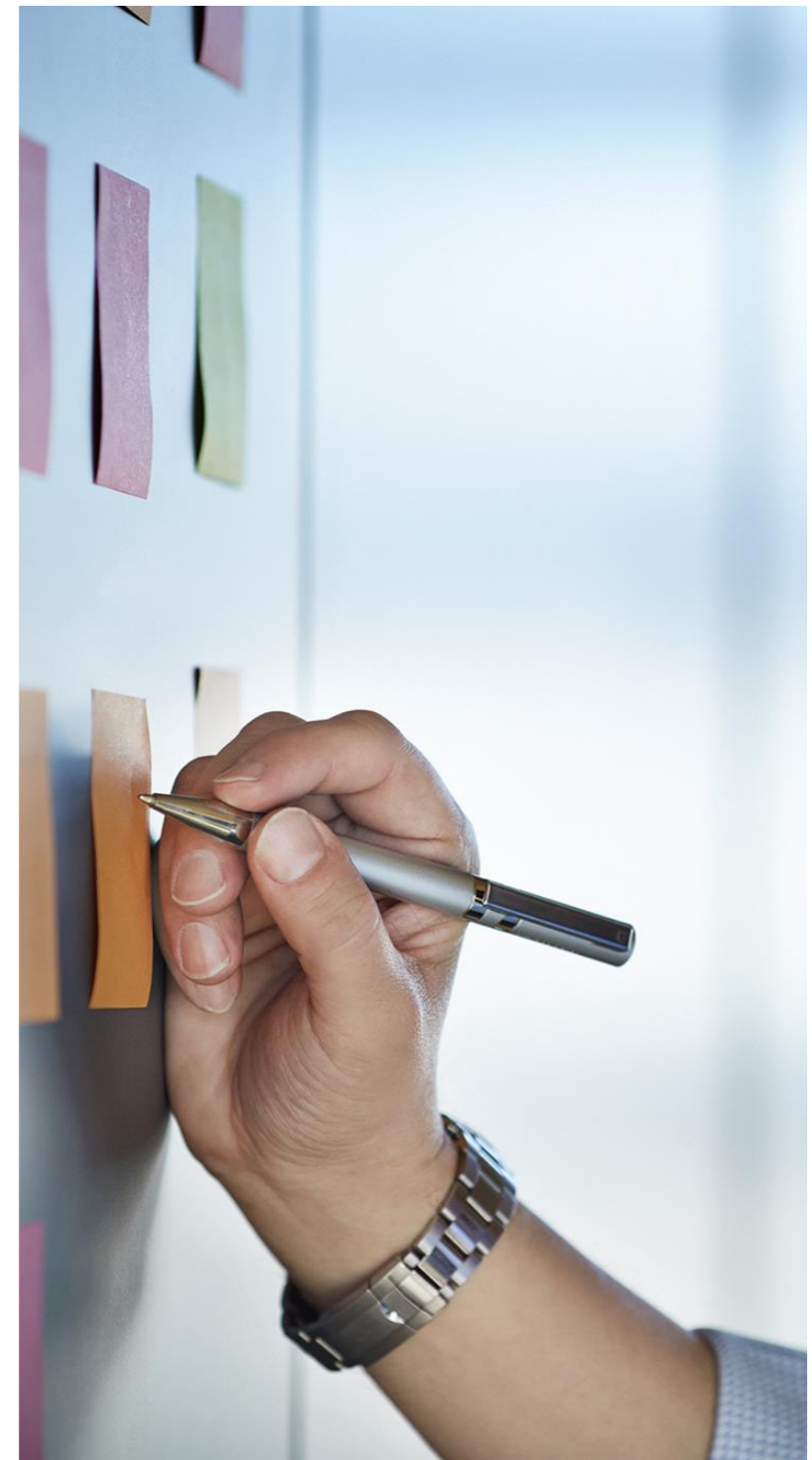
How to make an IR35 status determination

- **The test for employment status has not changed.**
- Similar but different to the employment law status tests.
- HMRC CEST tool: <https://www.gov.uk/guidance/check-employment-status-for-tax>
- Range of factors including but not just:
 1. level of **mutuality of obligation**
 2. extent of **supervision, direction and control**
 3. right of **substitution**



What should businesses be doing?

- Review **current** contractor contracts:
 - Can you terminate if there is an IR35 risk, without penalty?
- Change to being an employee and enrol on payroll? BUT employment benefits and rights too? Total cost?
- Should you introduce new agreements to reflect actual status and ways of working - employment contracts / worker agreements / statements of work?



What should businesses be doing?

- Ensure managers/finance/HR are aware of IR35 risks and do **not** engage contractors unilaterally
- Ensure a detailed status assessment is undertaken by a trained team **prior to commencement** - compliance, tax and HR
- Consider developing a status assessment checklist
- Have a process for informing consultant of determination
- If tendering for work, price for IR35 and consider relevant provisions in B2B contracts
- Update assessment periodically and whenever the scope of work changes

Contact details



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Recruitment Lense- Trends from the IR35 implementation 2021

September 2021

Presented by:
Marianne Fenner & Emma Johansson
RSR Operational Excellence EMEA

 randstad sourceright



agenda.

IR35 RSR client scope & objectives

RSR IR35 Project Management Solution

key trends and findings

market trends post IR35



IR35 RSR clients scope & objective.



19

Client Accounts in the RSR central IR35 programme.



Key industries

automotive & manufacturing
banking & financial services
consumer goods
life sciences
IT & telecoms



Objective

Full IR35 compliance by April 2021 of:

- each client account
- RSR temp workers
- 3rd party Agency workers & contracts
- new RSR front, middle & back office processes
- internal teams and clients educated



IR35 RSR project management solution.

4 modules: RSR IR35 Toolkit



Project environment

Templates and tools to enable client management and standardised or tailored to delivery



Education

IR35 material, training & SME expertise shared and delivered to key stakeholders



Processes and policies

End-to-end IR35 journey with timescales, key deliverables, and templated IR35 policies, processes & trackers



Communications and change management

A detailed communications plan for all audiences with communication templates for clients to tailor



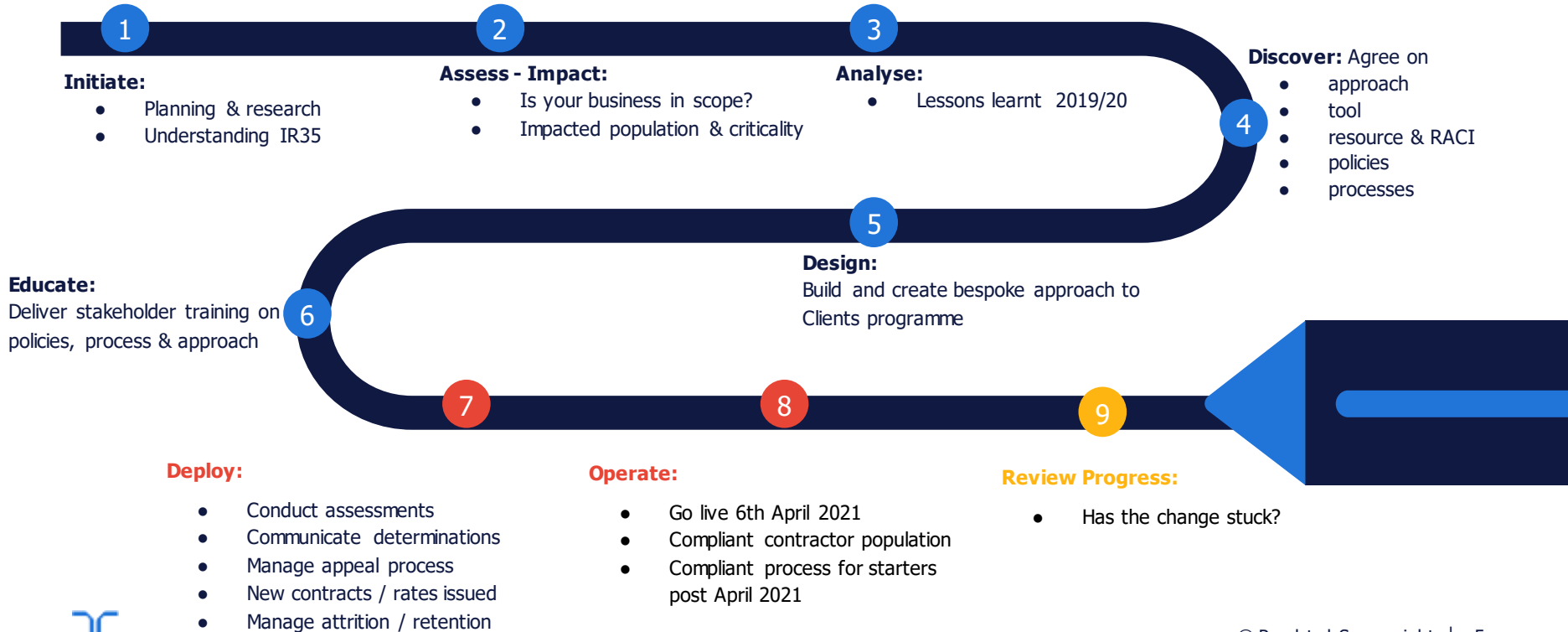
Mobilised a centralised 11 month programme to take RSR & our clients on the IR35 Journey.



Designed & delivered a configurable IR35 Toolkit, utilised with our teams & shared with clients.

IR35

high level timeline & 9 critical steps.



IR35

RSR key trends and findings.



IR35 Policy

21%

of clients operated a PAYE only policy to IR35

Result - **40% of all RSR contingent workforce** transitioned to **PAYE** (Financial Services and Telecoms)

Impact on remaining

43%

of the remaining contingent workforce were **Ltd Companies** impacted by the legislation & **requiring an IR35 Status Determination Assessment**

Industry Breakdown

19%

of workers in scope were in Pharma, 47% in Tech, 3% banking, 13% in professional services, 6% in energy, 8% in media with retail, facilities and manufacturing making up the remainder

IR35 Tool use

84%

of RSR clients used the **HMRC CEST** 16% of clients used other tools in the market

46% of Ltd Co assessed using the **HMRC CEST** 54% using other tools in the market

Determinations-Inside Scope

45%

of contractors were deemed inside scope of the legislation and subject to a status determination and a new engagement model effective 6/4/21

Determinations- Outside Scope

55%

were deemed outside scope of the legislation and remained operating as Ltd Company

immediate impact of the legislation.



14%

of workers impacted by the legislation **appealed the decision** (with only 22% of those appeals resulting in the decision being overturned)

54%

reduction in Ltd Company contractors following 6th April 2021

12%

of **inside scope workers chose to leave** their engagement as a consequence of an inside scope determination

61%

of inside scope workers saw **a reduction in their take home pay** following their move from Ltd Co to to PAYE worker status

for those contractors deemed **inside the scope of the legislation** who needed to move to a compliant model, RSR saw a

- **43%** uplift in the use of Umbrella companies,
- **11%** increase in PAYE and
- **6%** uptake in Limited Company Taxed at Source

6 months post IR35 go live market trends.



Increased demand for MSP services & increasingly complex labour market.



Pay rate increases to secure top talent for inscope hard to fill roles.



Worker demand supply gap. Live vacancy growth rates reach pre Covid levels.



Increased scrutiny on legislative compliance for PAYE workers e.g. AWR, Tenure.



Change in client route to hire. Increasing utilisation of SOW to secure top talent.



Increased scrutiny on Umbrella providers operating procedures and alignment to RSR values.

Contact Details



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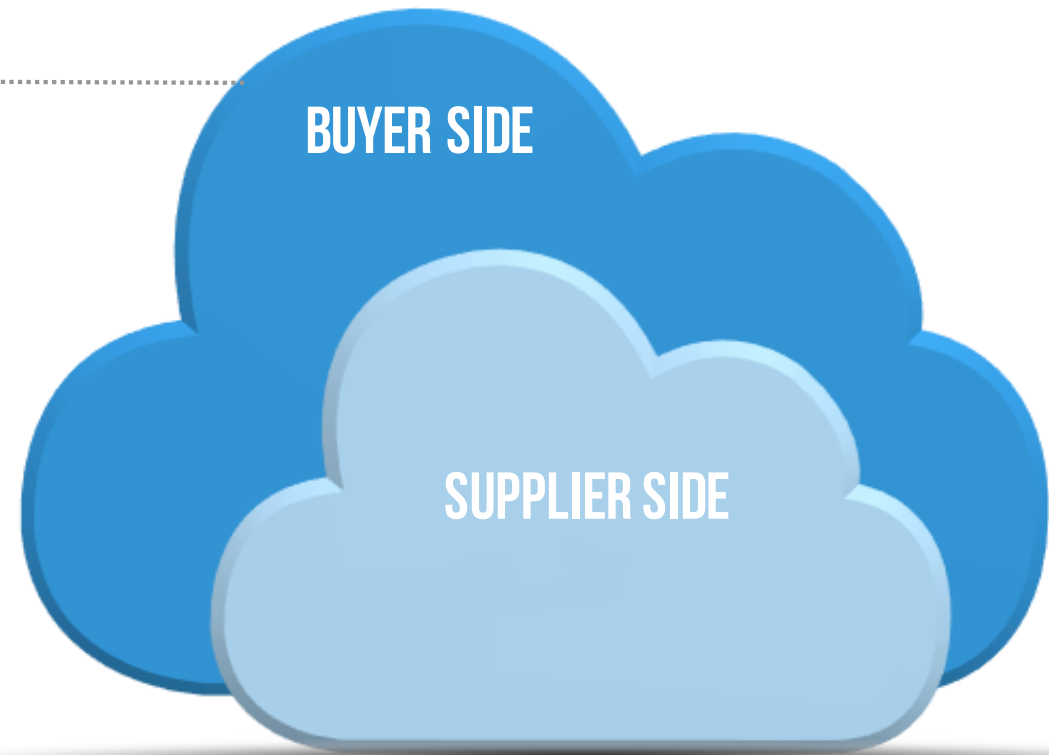
**TOOLS TO DIGITIZE
EXTERNAL STAFFING COMPLIANCE**

28 September 2021

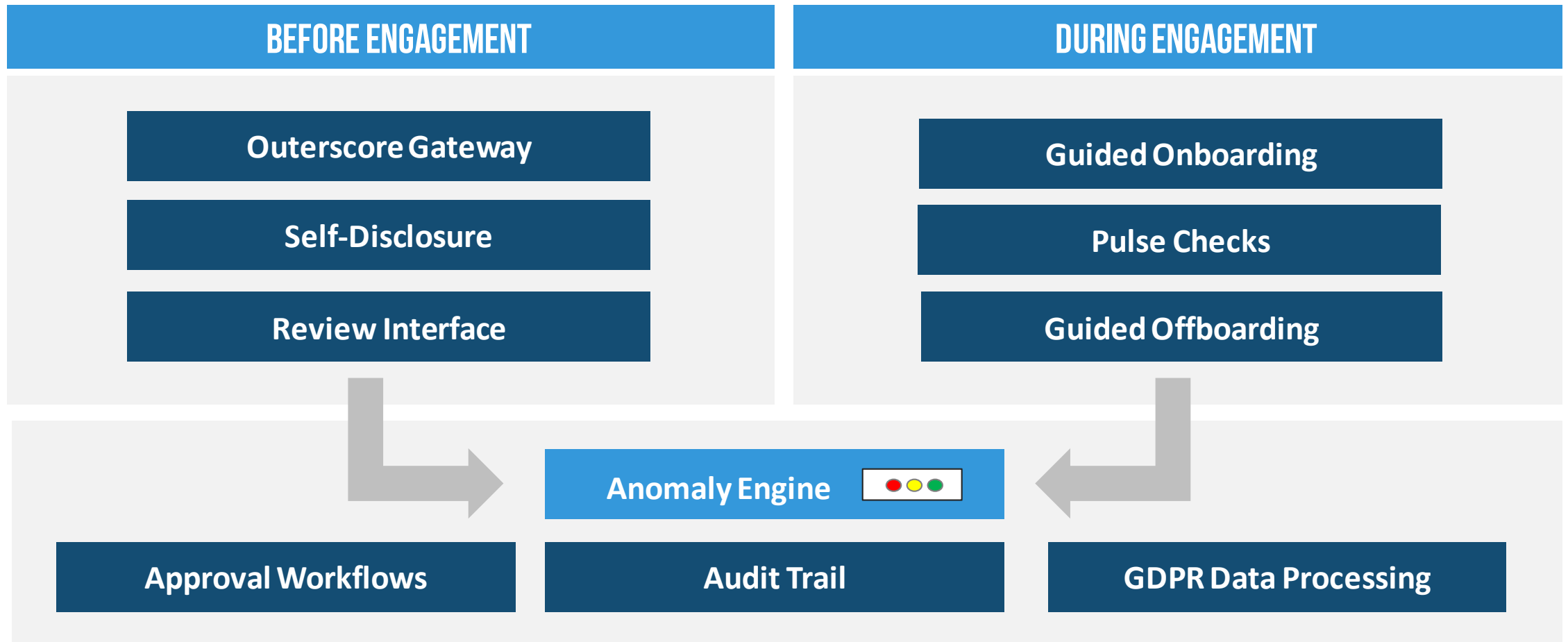
TEMP WORK — FREELANCER — TIME & MATERIAL — SOW — OUTSOURCING — SLA

Outerscore provides a unique set of tools to engage and manage compliance of your extended workforce

-
- Consumerized all-in-one S2P solution for SOWs, contractors and temp:
Making services shoppable
 - Flexible, **modular** components
 - Compliance risk assessments and self-services based on **smart algorithms and anomaly engine**

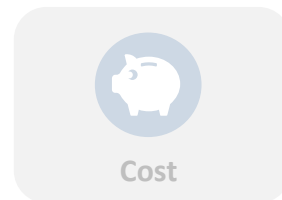


Overview Compliance Features



Outerscore Gateway (1/2)

The central place for hiring managers to request any type of external service



Compliance

Efficiency

Cost

Quality

OUTERSCORE

Dashboard Work Suppliers Workers Time & Expenses Payments Users Configuration

Create Requisition

1 General information 2 Guided Buying

This check serves to assess whether a planned **special-order or service contract** with externals is in line with all relevant requirements

Accounting

Posting information

Bill Rules

Bill Number Rule

Characteristics Rule

Approval

Compliance Score

Supplier

Who are you planning to close a contract with?

Temp Work Agency ✓
Individuals are hired via a certified temp work agency. Contract with agency

Independent Contractor / Freelancer
Individual worker will contract directly with our corporation

Company
A company / legal entity with more than 5 FTE will be the contractor and provide services

Don't know yet

Add Comment

Guided Buying

Compliance check name
Guided Buying

Service Category
Please select

Budget
1-5.000 5.001-25.000 25.001-50.000 ... 5

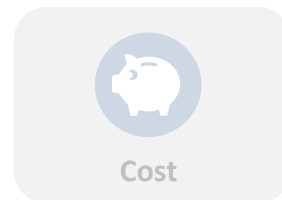
Compliance in %
< 30% > 80%

Low Risk Result Text Moderate Risk Result Text

Compliance Score: 56%
Confirmed by **Max Mustermann**,
03/08/2025 | 10:48

Outerscore Gateway (2/2)

Enables ,in-the-moment‘ labor decisions and can be adapted to changes in regulations



Fully configurable:

- Workflow builder (steps, approvals, review interface)
- Q&A branching tree logic (e.g. by contract type, occupation/service category, budget, ...)
- Smart scoring algorithm (e.g. to consider nuances of IR35)
- Commentary boxes, free text entries, sub questions, document uploads, service spec templates
- Help texts, result and explanatory texts

Self-Disclosure & Onboardings

Pass responsibility and risks down the supply chain



Compliance



Efficiency



Cost



Quality

Onboard Supplier

1 Select Template

2 General information

3 Users

4 Required Documents

#1 - AÜG Überlassungserlaubnis

Upload Document Drop file here or [Click to upload](#) Valid until Unlimited Select Date

The maximum upload size limit is 10 MB.

#2 - Unsere Datenschutz

Important PPT File for

Supplier Onboarding Template

Use this template to onboard r

Supplier needs to fill or edit ge

disclosure and required docun

Selected [Cancel](#)

This agreement will not be *sig

symbol (/first name last name/

the contract and that he/she is

Enter your name in the foll

Modules to be Filled or Updated

- General information
- Contact Information
- Self Disclosure
- Required Documents

Assign Template

Onboarding Template 1	Progress: 80%	
Category	ToDo	Comment
Onboarding	Klärung durch Bedarfsträger, ob Beschaffung von Laptop erforderli...	Ref: Best Practices IT Nr. 1.1.
Onboarding	Übergabe von Informationen (z.B. Daten, Dokumentationen) bei ...	

Offboarding Template 2	Progress: 0%	
Category	ToDo	Comment
Offboarding	Beantragung von Ausweis für Externen (Fremdfirmenmitarbeitera...	ABC Process. Siehe www.abc.de

Pulse Checks

Keep your fingers on the pulse and conduct regular status reviews



Compliance



Efficiency




Cost









Quality

Pulse Checks Comments Repeated Checks

← Pulse Check Details

 **Tom Mayer**
Signed: 13-09-2021, 13:19h

 Contractor seems to meet all compliance requirements. Continuation of services possible

Score	Question	Answer	Comment
	Wie groß ist der zeitliche Anteil der Leistungserbringung, der gegenüber vor Ort an einem unserer Standorte erbracht wird?	Weniger als 20 Prozent	
	Wie bewerten Sie die bisherige Zusammenarbeit? Wie viele enge Abstimmungen/ Meetings über den Fortschritt und die Qualität der Leistungserbringung erforderlich?		
	Kann bzw. konnte der Arbeitsort frei gewählt werden?		
	Können bzw. können die Arbeitszeiten frei gewählt werden?		
	Wurden Zugänge zu unseren IT-Systemen gewährt?		

Repeat Pulse Check

Pulse Check: Compliance Pulse Check

Created: 13-09-2021

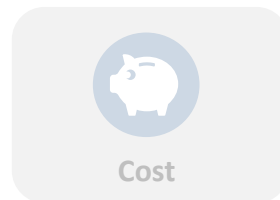
Participants: 1

Send Pulse Check Automatically Every

Month(s)

Audit Trail

Demonstrate off-payroll rules have been implemented appropriately



The screenshot displays the Outerscore user interface. At the top, a navigation bar includes 'OUTERSCORE', 'Dashboard', 'Work', 'Suppliers', and 'Resources'. The main content area shows a requisition titled 'Website Xolo Launch' with a status of 'Pending approval'. A sidebar on the left lists navigation options: 'SHOW', 'All', 'Unread', 'Notifications (4)', 'Messages', and 'Comments'. The central feed shows activity for 'Today', including: 'Leo Grill signed the compliance check' (16-09-2021, 14:08h), 'Jason Ehle sent requisition 0000610U' (16-09-2021, 14:07h), and 'Jason Ehle created a new requisition 0' (16-09-2021, 14:07h). A modal window is open, displaying details for a requisition: 'Hello Layton Diamant, The following requisition is waiting for your review:'. The details include: Requisition ID: 000069OURQ, Title: Website Development, Service Category: Facility Management, Contract Type: Statement of Work, Start Date: 16-09-2021, End Date, Work Location, and Estimated Budget. Below the details, it says 'To be approved by: (1 needed)' with a user profile for Leo Grill. There is a 'Comment (optional):' field. At the bottom of the modal are 'Cancel' and 'Approve' buttons. Another modal window titled 'Approve Requisition' is overlaid on top, showing a green checkmark icon and the text 'Please either login and v...'. At the bottom of this modal are 'Reject' and 'Approve' buttons.

THANK YOU!
WE'D BE GLAD TO DEMO
OUTERSCORE TO YOU

CONTACT:



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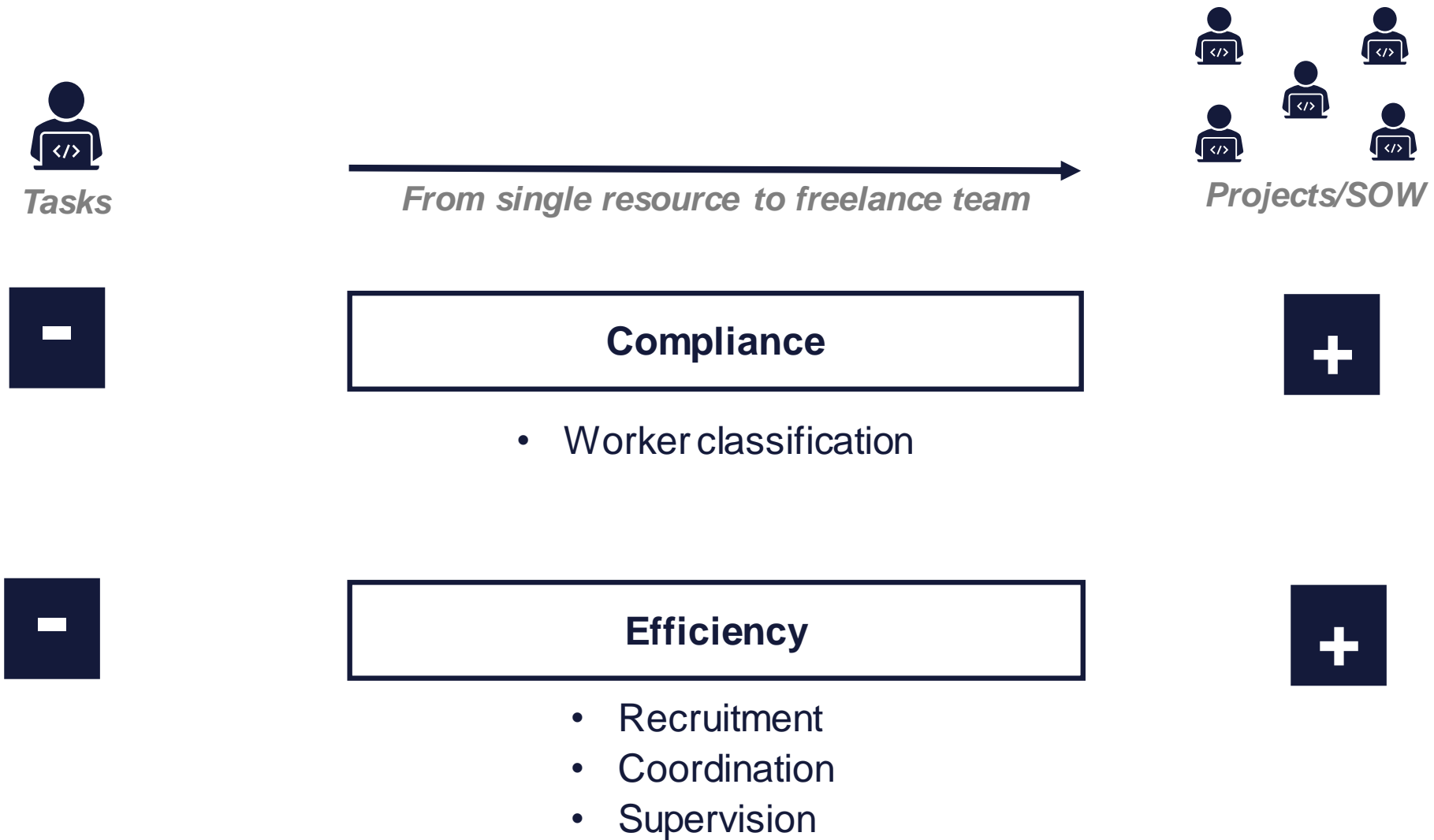
Email: info@outerscore.com

www: www.outerscore.com

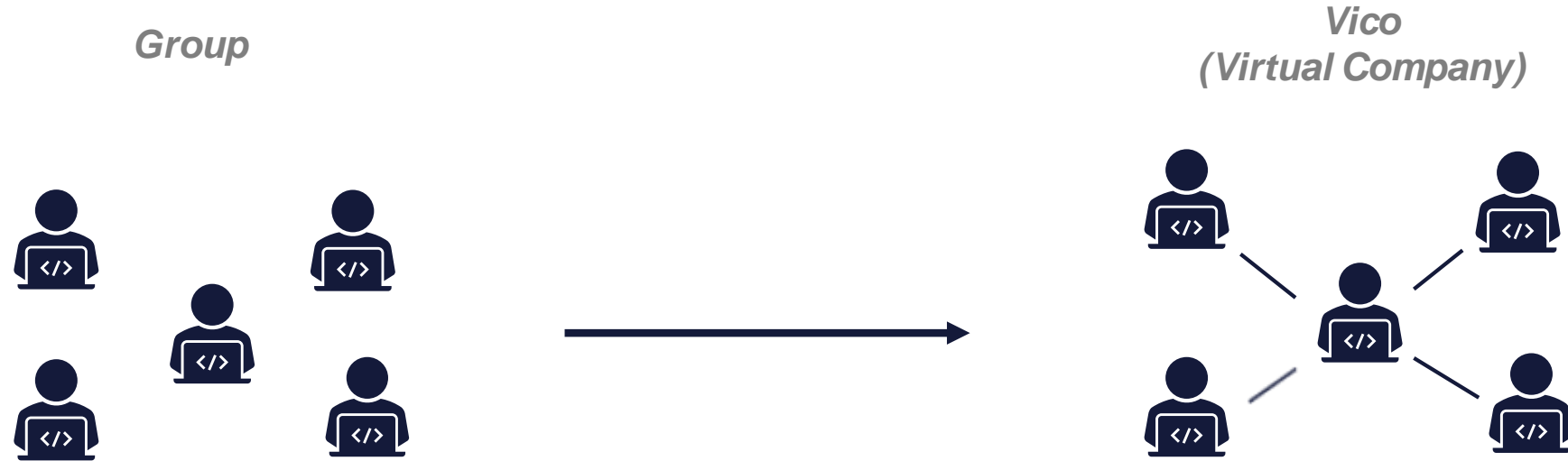
Legally compliant use of external staff in teams



From individual to team: Paradigm shift for legally compliant and efficient use of external staff



Not any kind of team. Virtual Companies “Vicos”.



Vico elements driving compliance

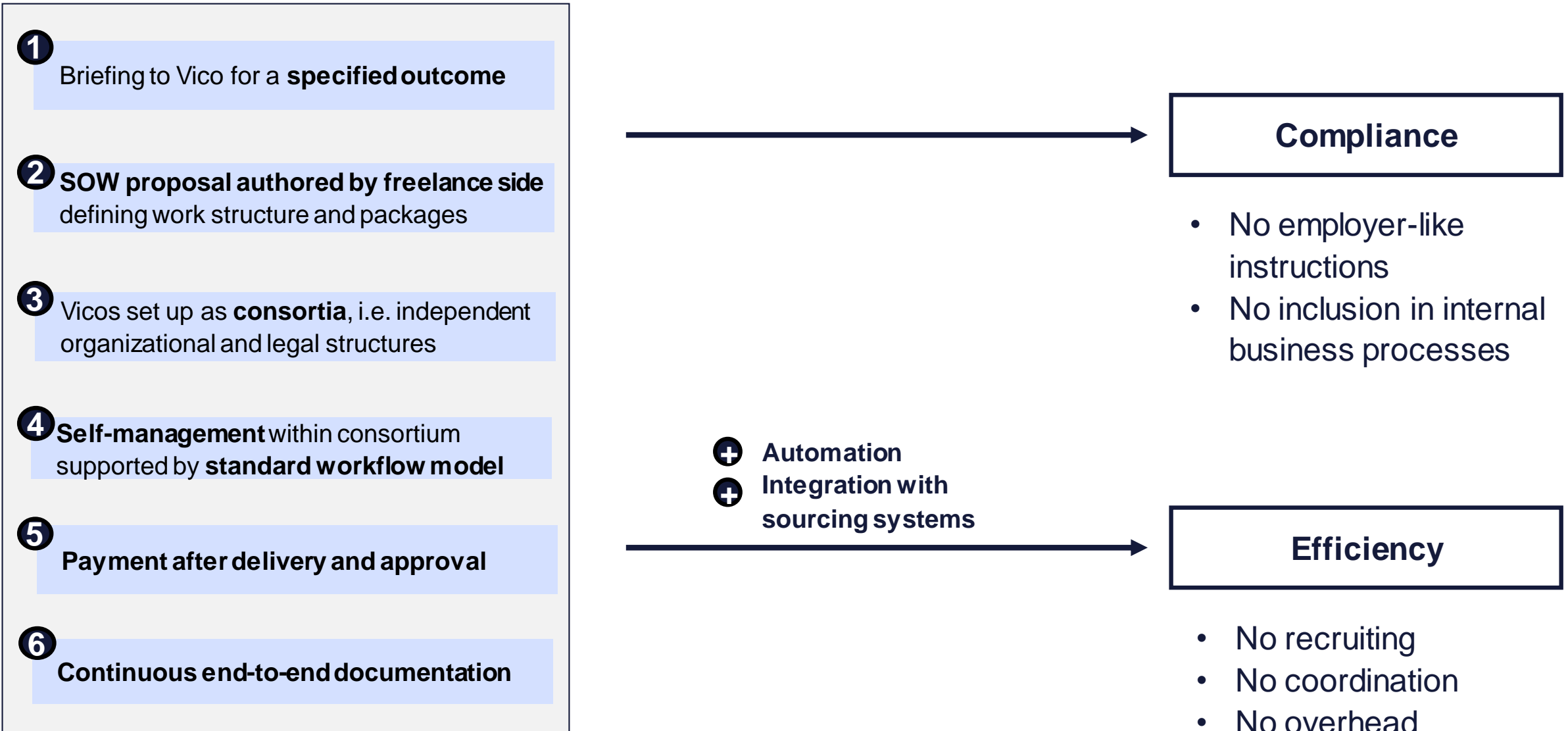
- 1 Briefing to Vico for a **specified outcome**
- 2 **SOW proposal authored by freelance side** defining work structure and packages
- 3 Vicos set up as **consortia**, i.e. independent organizational and legal structures
- 4 **Self-management** within consortium supported by **standard workflow model**
- 5 **Payment after delivery and approval**
- 6 **Continuous end-to-end documentation**



Compliance

- No employer-like instructions
- No inclusion in internal business processes

Vico elements driving compliance and efficiency



1 Briefing to Vico for a specified outcome

- Briefings asking for deliverables
- Briefings not prescribing how or by whom they are to be fulfilled

▶ No employer-like instructions

Description and timeframe

What your project is about and until when you need it done.

Description

Background

We are a luxury travel agency providing custom holiday solutions. The look and feel of our website is outdated and it doesn't perform well in the search rankings.


Outcomes

The goal is to improve usability of our website and increase search rankings.

Deliverables

Website redesign
Implementation using Wordpress
SEO optimisation

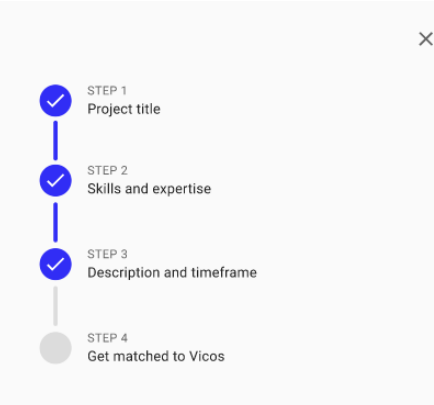
B I U    

 A good project description includes the company and project background, the expected outcomes, and main deliverables.

I need the project done by

Select date (optional) 

Next




New project request

Tell us a bit about your project! We will use this information to match you with the best freelance teams - Vicos. You can edit any information later on.

Project title

Landing page redesign for a biotech startup

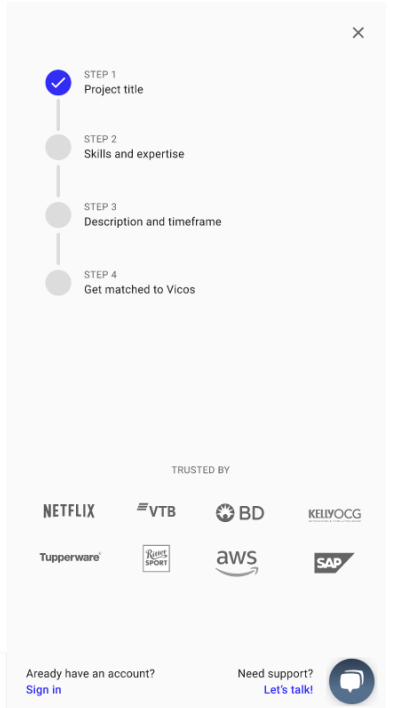
 A good title should be clear and succinct. Try to include the type of service needed and the industry or area in which you operate.

Do you need an NDA (Non-disclosure agreement) ?

Yes No

 You will be able to upload your NDA template or use ours later on. Anyone that gets access to your project details will need to sign it first - we'll gather the signed copies for you.

Next



2 SOW proposal authored by freelance side defining work structure and packages

- **Vico Leads** structure project and **distribute work packages**
- Work packages are **dialogue-specified by freelance side** (Vico Leads and Vico Members)

▶ **Independent freelance side decision process**

Edit share

You're about to edit share in:
Module 1: Pre-project and task definition
Position 1: MVP Definition

Title
Definition of business requirements

* Required

Assignee
Simon Goodman
Senior App Designer

Audrey Gill
Software Architect

Carl Day
Software Developer

Celia Barton
Project Manager

John Wilderhand
App Developer

Philip Stevens
Service Designer

Spokesperson
Simon Goodman
Senior App Designer

Moderator(s)
Celia Barton
Project Manager

John Wilderhand
App Developer

Assigned fellow(s)
Audrey Gill
Software Architect

Fee
7,500.00 €

* Required

customer administration 3. payment office processes (returns etc.) 6. SLA issues (including roles and rights concept) 8.

Team

FP Fulda Pharm... AppCompany

Team

✓ Celia Barton
Project Manager

Offer status
1 assigned share(s)
0 accepted share(s)

Teaming status

John Wilderhand
App Developer

Assigned fellow(s)

Audrey Gill
Software Architect

Carl Day
Software Developer

Offer status
2 assigned share(s)
0 accepted share(s)

Teaming status

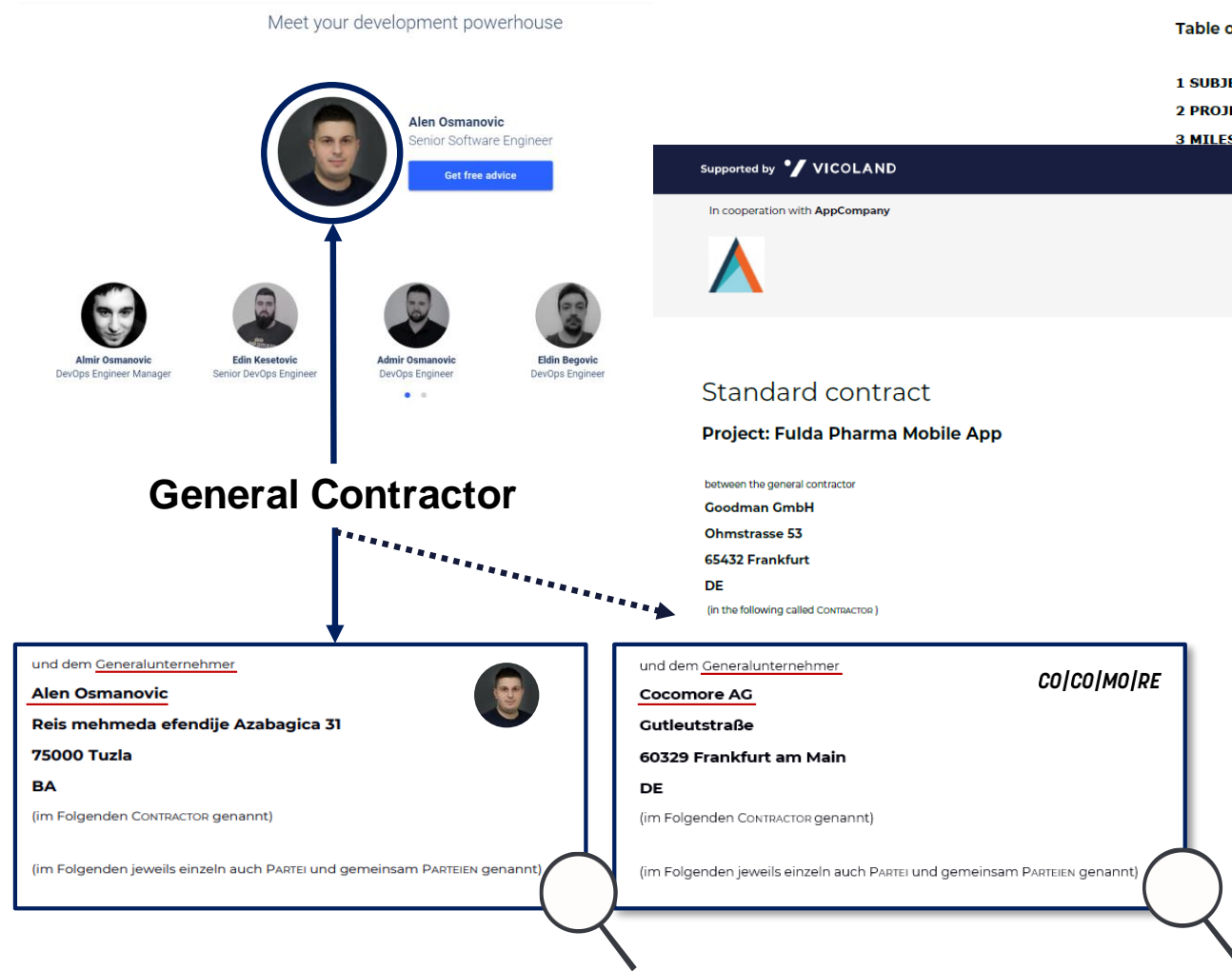
Philip Stevens
Service Designer

Cancel Save

3 Vicos set up as consortia, i.e. independent organizational and legal structures

- **Self-managing** legal and organizational structure with GC/SC
- **Trilateral contract bundle** stipulating all project details, generated automatically on SOW basis
- **1 client contract** for whole project & team

- ▶ **Neither operating nor formal client-side involvement**
- ▶ **Still, full contractual reliability**



5 Payment after delivery and approval

- 1 invoice after approval corresponding to **independent supplier-type relationship client-Vico**
- **Automated SOW-based in-Vico fund distribution** to freelance Vico Members, w/o client action

▶ **Independent freelance side business process**

▶ **Low effort on all sides**

The screenshot displays the Vicoland web application interface. A 'Review position' dialog box is open, showing a 'Thank you!' message and a note: 'Generating your project invoices might take a few seconds. Please do not close this window.' The dialog has 'Close' and 'File manager' buttons. Below the dialog, the 'Financial page' is visible, featuring a 'Payment overview' section. The overview includes a dropdown for 'Project' (Samsung: Umbraco Website Development) and a dropdown for 'Payment status' (All). Below this, a table titled 'My personal payment (1) Vico member's payment (4) Project payment (1) Vicoland fee (1)' displays payment details for four entries.

Title	Assignee	Gross amount	Payment pending since / paid on	Payment status
Samsung: Umbraco Website Development - Payment for December	Srdjan Jovicic	2,800.00 €	26/Jan/2021	Paid
Samsung: Umbraco Website Development - Payment for December	Karic Senad	3,416.00 €	26/Jan/2021	Paid
Samsung: Umbraco Website Development - Payment for December	Andrey Mir	16,518.40 €	26/Jan/2021	Paid
Samsung: Umbraco Website Development - Payment for December	Kyrylo Osadchuk	1,200.00 €	26/Jan/2021	Paid

6 Continuous end-to-end documentation

- Automatic, realtime documentation of full project cycle: who, what, when
- Automatically working **file-managers** for all legally relevant documents

▶ **Auditable transparency**

▶ **Readily available hard proof for rightful worker classification**

The screenshot displays the VICOLAND web application interface. The top navigation bar includes the VICOLAND logo, a search icon, a notification bell with '522', and a user profile icon. The main content area is titled 'Contracts and other project files' and features a tabbed interface with 'Project Contracts', 'Offer', 'Invoices', and 'Other'. The 'Project Contracts' tab is active, showing a list of documents with columns for 'Document', 'Date', and 'Download'. A table lists various project contracts, including 'Fulda Pharma AG / Goodman GmbH Project contract' dated '02/Jul/2021'. A modal window titled 'Updated contract(s) ?' is overlaid on the table. To the right, a 'Dialog functions' section shows a list of phases: 'P1: Pre-project and task definition', 'P2: Dialog functions', 'P3: Implementation', and 'P4: Marketing strategy'. Below this, a 'Milestone overview' section includes 'Image upload function', 'Waiting time information', 'Maximum duration of data storage', and 'Map function within the app via Google Maps Widget'. A 'Add milestone' dialog box is open, showing a 'Pending (1)' milestone by 'Simon Goodman, Senior App Designer' dated '27/Sep/2021'. The milestone text reads: 'I think we should offer the upload image function as a last step in this milestone. The timeline should be rather 2 weeks than 1 week. I have added it as a suggested change'. An 'Add reply' button is visible at the bottom of the dialog.