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IR35 Private Sector Reform - Who's Who?

As part of the changes due to come into effect from April 2021, it is important that you are aware of where you or your business sits in the supply chain and what responsibilities you will have under this legislation.

We have provided a guide of this below to help with your planning:

End User



Who are they?

- + The party which receives the services of the worker engaged via their Personal Service Company (“PSC”).
- + This may not be the party who is directly engaged with the PSC and may be further up the supply chain.

What are they responsible for?

- + Identifying contractors engaged.
- + Carrying out IR35 status determinations for all contractors engaged post April 2021 exercising ‘reasonable care’ - no blanket assessments.
- + Informing individual contractors and the next party in the supply chain of the status determination result via a Status Determination Statement (“SDS”).
- + Managing and responding to any appeals received from contractors in line with the legislative 45 day window.

Fee Payer



Who are they?

- + The party who is engaged directly with the PSC and makes payment of their invoices.
- + This could be the same as the end user, the party who is directly engaged with the end-user or a party further down the supply chain.

What are they responsible for?

- + Applying the status determination received from the end user.
- + Reviewing the impact the status determination may have on margins and contractor rates and engaging in renegotiations with individual contractors surrounding day rates or a potential change in their role.
- + Applying the appropriate tax and National Insurance deductions via PAYE to invoice payments for contractors deemed inside IR35.
- + Making payment to the contractor of their net invoice value.
- + Making RTI submissions and payments direct to HMRC of the relevant tax and employee and employee national insurance contributions, where necessary.



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Personal Service Companies (PSC)



Who are they?

- + The Company which the worker has set up and provides services through.

What are they responsible for?

- + Continue assessing own IR35 status up to 6 April 2021 (and beyond if providing services to a “small” end-user).
- + Continue Company compliance and Self-assessment tax returns before and after 6 April 2021.
- + Submit any appeals on the back of their SDS should they disagree with the original result.

Should you have any queries or require any assistance with your obligations under the IR35 Reform, please do not hesitate to get in touch with our dedicated IR35 team (ir35@aab.uk).

