

What does inside IR35 mean?

To be operating 'inside IR35' means that, under the IR35 legislation, you must pay the same tax as an employee. This could also mean that you are entitled to additional rights as an employee or worker (e.g. minimum wage, maternity pay, protection from discrimination).

If you're found to be working inside IR35, you will usually have to pay a 'deemed payment' of income tax at the end of the tax year to account for any tax deductions or NIC that an employee would have paid. this to clients as part of our year end pack and ask clients to approve this



The IR35 rules will result in an increased tax and N.I. liability and will prevent contractor companies from retaining profits to grow their business in the future.

Those contractors who fall under the IR35 rules will be liable to Schedule E taxation and National Insurance (N.I.), following deductions for expenses. Income will be in the form of a 'deemed payment', following these deductions.

Normal expenses may still be claimed. In addition, there is a provision for other intermediary expenses of 5% of a contractor's turnover.



Pension payments - either personal or executive schemes



Business travel - incurred in the course of business duties



Subsistence - accommodation, meals when away from home



Professional Indemnity cover