

## Ideasmiths – Written evidence (OPR0015)

6 What behavioural effects have resulted from the introduction of the new rules in the private sector in terms of the arrangements adopted in hiring contractors?

- Blanket Inside IR35 determinations with many client's/engagers in the private and public sectors making all contracts Inside IR35.
- Quite straightforward roles which could easily be Outside IR35 are being made Inside IR35. I know of other suppliers (IT companies and web agencies) who now provide their own staff to client/engager projects as Inside IR35 people. This is clearly absurd and it means that the supplier staff member now has two employers – the supplier and the engager!!!
- Rates have gone down making roles, especially Inside roles where many business expenses cannot be offset against tax uneconomic. Plus of course we self-employed need to make provision for sick pay, holiday, pensions etc and the moral hazard of being in business.
- Clients/engagers and the recruitment agencies they work through do not understand the new rules and use the old Chapter 8 not the new Chapter 10. As a result contractors are asked to use their own equipment, be prepared to redo work at risk if quality is poor (but will have been working to client's methods and using their tools!), etc. To note if working Inside IR35 then none of our tools, methods of working etc are covered by our business insurance. Many Inside IR35 contracts have Outside IR35 clauses like this.
- Clients/engagers/agencies/ have no idea that they essentially become a quasi-employer for Inside IR35 contractors. It is employment without rights but still lots of contractual obligations.
- HMRC seem to be making up the rules as they go along (e.g. MOO). The cases they have lost on MOO they have taken a stance on MOO that essentially means there is MOO every time a person engages a plumber to mend a tap in their home – absurd and ridiculous.

7 The Government is proposing a new employment body with powers to enforce employment rights, including for those engaged by agencies and umbrella companies. How effective do you think such a body will be in ensuring workers, particularly the lower paid, are treated fairly?

- It will be totally ineffective, the recruitment agency and umbrella market is an uncontrolled wild west and will not change overnight. While any charlatan can start a recruitment agency with a desk and a phone and no qualifications or scruples this will be the way.
- Same goes for unregulated umbrellas; when you have micro-umbrellas with directors in Manilla and Mumbai I doubt that any Quango will be effective.
- I have no faith that any such Quango will be resourced enough or have the legal powers to effectively regulate the agency and umbrella market.
- My chartered accountant and bookkeeper are both regulated; so why not scrap IR35 and insist that all contractors use chartered accountants who

will do the books and tax properly. This may amaze you but the self-employed are not crooks and do pay tax.

- Even with such a body we will not work Inside IR35 as it would mean dissolving the companies – if we did this the state would lose an awful lot in business taxes and VAT.

8 How successful will the draft Finance Bill proposals for earlier publication of information about promoters and avoidance schemes be in protecting individuals from being drawn into such schemes?

- Totally unsuccessful and ineffective. Many contractors especially at the lower end are naïve and are forced into self-employment through the gig economy. The idea that they and even higher paid contractors will understand the complexities of tax schemes is absurd.
- Also tax avoidance is legal, tax evasion is not. Call these schemes tax evasion schemes.
- With the shenanigans of MPs and their extra-curricular earnings outside Parliament to then stop the 'little person' engaging in self-employment by draconian tax and IR35 rules makes it seem like there is one law for them and another for us 'little people'. The whole IR35 system looks like an attack on 'little people' being self-employed and running their own businesses while the Big People can do whatever they like. I am a white working class boy born in the 1960's and yet again the establishment want to stop this 11 plus failure from being successful and earning a good income.

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