

HOW TO APPROACH THE IR35 REFORMS

Continue to secure industry-leading talent



Reforms to IR35 legislation came into effect for large and medium-sized private sector organisations in April 2021. Failure to comply with the reforms could leave you open to extra expense and extensive fines. Consider how you're approaching the reforms to ensure you're able to continue accessing the talent you need.

IR35 legislation changes passed the responsibility for determining whether a contractor is inside or outside of IR35 from the Personal Services Company (PSC) to the engager. Employers need to undertake due diligence on their PSC workforce and have full visibility of the PSCs they engage with, how they're paid and the expertise to determine their tax status under the reformed rules.

How can you approach IR35 reforms?

So, what approaches can employers consider in order to maintain access to the talent they need?

Test on an assignment-by-assignment basis

Choosing this approach is the primary way to meet the requirements of the reforms, and it achieves governance, allows continued access to in-demand talent, and creates a competitive advantage over organisations that choose to apply a blanket approach to IR35. However, it can be time and labour intensive to put processes in place and continue managing to ensure compliance.

Evaluate how you procure services

Alternatively, you could evaluate how you procure services, such as project outsourcing. This approach can help to ensure project delivery, however, it won't be suitable for all projects and can be more expensive than contingent labour.

Understanding the risks to your organisation

Without adequate processes, or by choosing to ban PSCs altogether or apply a blanket in-scope determination approach, organisations run several risks including:

- Potential cost increases due to PAYE inflation
- Loss of key talent
- Delayed projects
- Not being regarded as a 'destination of choice' for contractors

What should you do now?

1 Understand the new rules

PSC workers will still be the best option for certain projects. Understanding the rules means you'll be able to access crucial PSC talent when you need to.

2 Protect yourself from risk

If you haven't already, implement appropriate processes to determine if roles are in or out of scope of IR35.

3 Audit your recruitment partner

Make sure your recruitment partners are familiar with the reforms and can demonstrate they are following the correct procedures.

Work with an expert to secure talent

No matter how many contractors you need, we're here to support.

Unrivalled expertise

We have over 50 years of talent management and recruitment experience and a proven track record of working with thousands of contractors annually.

Experts in navigating reforms

We've worked alongside hundreds of public sector organisations on IR35 since the reforms were first introduced in 2017, making us ideally placed to help you navigate this complex piece of legislation.

Able to support, however you choose

Whether you already have processes in place or need a helping hand, we can point you in the right direction to ensure you're compliant and able to access the talent you need.



However you decide to approach the reforms, we're able to support you as your leadership partner. Contact one of our specialist consultants to find out more, visit hays.co.uk/offices