



Changes to off-payroll working rules (IR35)

From 6 April 2021, the way contractors pay tax may change – know the facts.

What is changing

If you're a contractor who works through your own limited company or other intermediary, you may be affected, depending on your client.

- You provide services to a **public sector organisation of any size**. Your client will already be responsible for deciding your employment status for tax purposes and there are additional changes from April 2021.
- You provide services to a **medium or large-sized non-public sector organisation**. You will no longer be responsible for deciding your employment status for tax purposes – your client will now decide this.
- You provide services to a **small non-public sector organisation**. Your limited company or other intermediary will remain responsible for considering the off-payroll working rules.

The changes do not apply to the self-employed.

How the changes may affect you

These changes may affect how much income tax and National Insurance Contributions you pay, and how you pay. If you are affected, the organisation you are providing your services to (your client) will determine your employment status for tax. If your client determines that the rules apply to an engagement, they will give you a 'Status Determination Statement', which will explain their decision. You may be asked to provide your client with some information to help them make their determination.

If your client determines that your contract is inside the off-payroll working rules and you are employed for tax purposes, your client, or an agency in the supply chain, will deduct the necessary tax and National Insurance before they pay you. You will still need to submit a tax return, and the income and tax already paid arising from the off-payroll contract will be shown in the employment pages of your Self Assessment return.

If they determine that your contract is outside the off-payroll working rules and you are self-employed for tax purposes, your limited company or other intermediary will continue to receive gross payments and will remain responsible for meeting its tax obligations for that income.

Compliance checks into your intermediary

HMRC will **never** use information acquired from the off-payroll working rules changes to open a new compliance enquiry into returns for tax years before 2021-22, unless there is reason to suspect fraud or criminal behaviour.

This includes any decisions that clients may have already made to prepare for the April 2020 changes, which have now been delayed.

HMRC took the same approach when the rules changed in the public sector in 2017: HMRC didn't open any historic off-payroll compliance enquiries for tax years before 6 April 2017 due to the decision of a public authority under those reforms.

If you have an ongoing compliance enquiry with HMRC, we will not ask for any information on decisions that clients made or were in the process of making for these changes as evidence for those ongoing enquiries.

Don't be tempted by tax avoidance, including schemes that claim to ensure that you are not affected by the off-payroll working rules or that otherwise offer to increase your take home pay. If something looks too good to be true, it probably is. For more information go to [guidance on tax avoidance schemes aimed at contractors and agency workers](#)

Your rights

If you do not agree with your client's decision about your employment status for tax, you can raise your concerns through your client's status disagreement process, explaining why you disagree. From 6 April 2021, all clients are required to introduce a process to ensure that they consider your views if you disagree with their decision. Your client will have 45 days from the date they receive your disagreement to respond to you. For more information go to [client-led disagreement process](#)

If you are uncertain about a client organisation's size, you can formally request confirmation from them. The client has a legal obligation to respond. For more information go to [duty for client to confirm its size upon request](#)

You will get relief on the tax paid when you withdraw the off-payroll income from your limited company or other intermediary, and you do not need to declare this income again when you withdraw it from your intermediary. For more information go to [prevention of double taxation](#)

Where the off-payroll rules apply, this does not mean that you will be entitled to statutory payments or employment rights from the client you provide your services to or the agency that pays you. Salary paid to you from your own limited company may entitle you to statutory payments. For more information go to [statutory payments](#)

What you need to do before April

Use our Contractor Flowchart to check how the changes will affect you. You can find it here: [contractor resources](#).

Keep an eye out for our Education and Support Factsheet detailing the comprehensive package of support that is available. You can use this to help find the education and support resources that are most useful to you. You can find the [support available on GOV.UK](#).

Talk to your client about what the changes mean for you.