



IR35 Explained

FREE Booklet for self-employed van & lorry drivers.



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The only up-to-date, fully reliable source of information on the subject of IR35 regulation is HMRC so if you have any doubts it is recommended that you contact them for clarification.

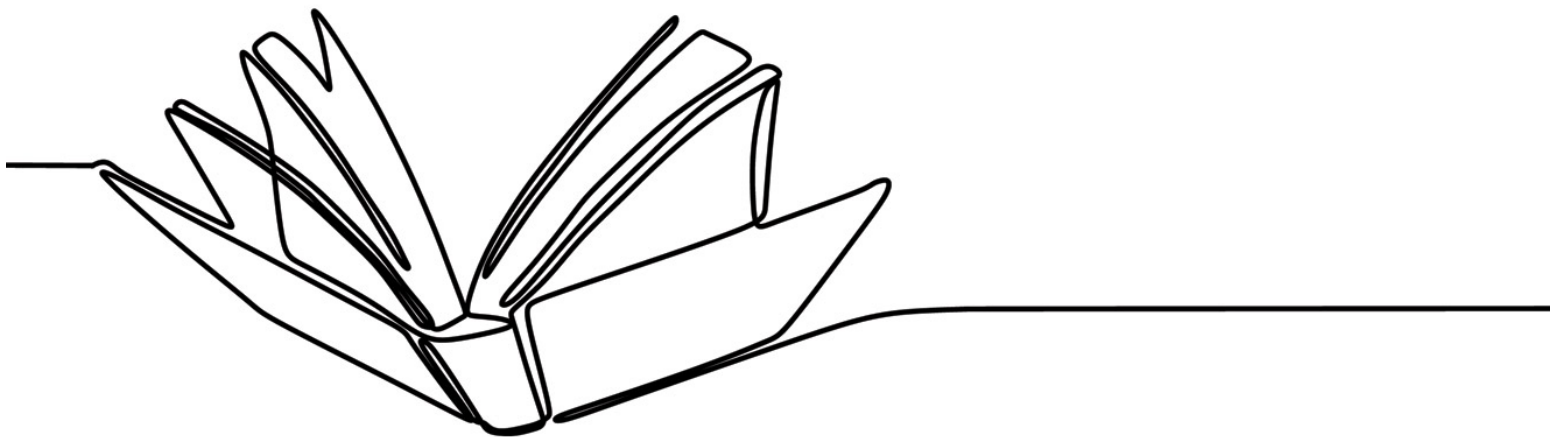
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I. What's IR35 and how does it apply to me?



In a nutshell **IR35** refers to the UK's anti-avoidance tax legislation designed to tax "disguised employment" at a rate similar to normal employment.

In other words **if you are self-employed yet work only for one client under conditions similar to normal employment HMRC can deem you as a "Hidden Employee"** and expect you to pay income tax and national insurance as a normal employee would.

These additional contribution **can cost up to 15%-20% of your annual income** and in the most severe situations, employers and employees working under such conditions may be fined with so-called "overdue contributions" charge, calculated up to 5 years back.

To be fair, the same legislation change was introduced in the public sector in April 2017 and the government gave time to all self-employed specialists, working in the private sector, to apply them by April 2020.

II. What requirements must I meet to remain self-employed and protect my current level of income?

It's actually very simple. To avoid being classified as a hidden employee you need to act & operate as a "real" company would. The IR35 regulations do NOT prohibit cooperation between companies, they merely say that this cooperation cannot take place under the same conditions as ordinary employment would.

In other words, this means that **starting from 1.04.2020** you have to meet a series of requirements which can be divided into 4 main categories:

Basic operations

1. You need to make sure you **have a business account & a business phone number**.

Even if you are not a limited company and are working as a self-employed driver it is recommended that you use an account & phone number that is different than your personal one (contracts should be signed under company name).

2. You need to make sure that you **pay for your own training & business trips!**

You can later on invoice these costs to the client you worked for however, the expense must be paid by you not directly by the company you work for.

3. **You must use your equipment and work clothes.** They may have your logo (this is recommended but not required) but they certainly can't have the logo of the company you work for. If you are using any equipment that belongs to the company you provide the service for make sure that you rent it from them. Even if the payment for it is symbolic.



A driver does not fall under IR35 if the hirer they work for, or the contractor the hirer works for turnover is less than 10.2 million pounds per annum.

Finance & Accounting

1. **You need to have a proper contract in place** (with provisions that are clearly different from a standard employment contract) with the companies you work with.

Here are some examples of the differences that must be included in relation to a normal employment contract:

- The contract should be concluded for a fixed period of time, with each party being able to terminate the contract at any time.
- It must clearly state the rights and obligations between the contractor and the sub-contractor.
- The contract should stipulate the possibility of not taking up the assignment and the possibility of performing the same services for another principal.
- The agreement must contain substitution issues.
- Payments must be done on a fee-to-invoice basis... and so on.

The most important thing in the contract is to show that you have control over your company & you bear the risks and costs associated with your business.

2. **You should work with an accountant** - period.

Insurance

Regardless if you are a limited company or self-employed you need to have **Public Liability insurance** & if you drive your own car you need to also have a **Motor insurance & road tax paid**.

To find the best deal online go to: <https://www.moneysupermarket.com> or <https://www.comparethemarket.com> or contact any high street insurance broker.

Marketing & Branding

One of the most important requirement within the IR35 rules is the fact that no company works only for one customer for more then 6 to 12 months period.

**If you are only working for one client,
you risk being immediately classified as a hidden employee!**

ANY "normal" company attempts to actively look for & work with as many clients as possible.

Also you can not operate under you own name but rather as a business.

Therefore you need to:

1. Have your own marketing materials such as:

- logo,
- business cards,
- timesheet templet with your logo,
- work clothes and so on.

2. Have a website & a business e-mail account

Both your website & business e-mail account need to be visible under your domain name (URL with your company name in it and a [.com](#) or [.co.uk](#) ending)

3. Have some advertising costs in order to prove that you are actively looking for new clients.

III. What to do next & where to seek professional help?

As you can see, the new regulations (although they complicate some things) are not really that difficult to comply with. You've probably already meet some of the requirements. However, **if you see that you don't meet all the requirements listed in this document then it is recommended that you seek professional help** to make sure you can continue to operate in a similar way & protect your income.

For help with obtaining & retaining your Operator Licence as well as help with IR35 we recommend contacting:



07398 113960 - richardm@logisticssupportservices.co.uk
www.logisticssupportservices.co.uk

For all matters relating to accounting & work contracts we recommend contacting:



01733834065 - info@sound-accounts.co.uk
www.sound-accounts.co.uk

For all matters relating Print, Web Design & Marketing we recommend contacting:



033 3303 1403 - info@a2com.co.uk
www.a2com.uk

And if you don't have the necessary insurance in place for your business we recommend visiting: <https://www.moneysupermarket.com> or <https://www.comparethemarket.com> or contact any high street insurance broker.

IV. Special offers



All your marketing needs in one palace!

Showcase your company on the Internet and show HMRC that you are actively looking for clients with our special offer for drivers. With a small installation fee and easy monthly payments A2Com UK Ltd will help you cover all your marketing & branding needs required by the IR35 regulations.

Driver MINI Pack (Web only)

- One time setup fee of **£120 + VAT** and a
- Monthly payment of just **£19.75 + VAT**



Included in the package is:

- A **business domain** name with your company name in it and a ".co.uk" ending.
- Simple (one-pager) **website** & e-maill address within your domain name.
- **SSL Certificate**
- **Hosting & technical support** for the entire duration of the contract.

Driver PRO Pack (Print & Web)

- One time setup fee of **£250 + VAT** and a
- Monthly payment of just **£19.75 + VAT**



Included in the package is:

- A **business domain** name with your company name in it and a ".co.uk" ending.
- Simple (one-pager) **website** & e-maill address within your domain name.
- **SSL Certificate**
- **Hosting & technical support** for the entire duration of the contract.
- **Logo** design (based on a templet)
- Design (based on a templet) & printing of 250 **business cards**
- A Word / PDF templet of a **letterhead & a timesheet with your logo** on it.

In both cases you also get a monthly invoice
confirming your company's promotion expenses.

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