



IR35 – Simplified

IR35 was brought in to ensure that a contractor who was carrying out the same role as an employee would be subject to the same tax regulations. It means that to qualify for the tax breaks allowed for self-employed individuals your contract must fall within certain criteria relating to whether the role you do is that of an employee or of a self employed person. There is often confusion regarding whether or not a contract falls within IR35 and there are services available to assist you in discovering this although this can be a costly process.

Working within an umbrella company means that IR35 is no longer an issue. The umbrella company are considered your employers for tax purposes and will ensure that you benefit from tax breaks wherever possible. They will ensure your Tax & NI contributions are paid appropriately before you receive your pay-check.

For more information please see the HMRC website:

<http://www.hmrc.gov.uk/ir35/index.htm>