

IR35 Reform in the United Kingdom - April 2021. What it means for companies in the USA

What self-employed workers and the companies who engage them in the UK need to know. Using a contract of services to mitigate risk and ensure compliance.

PORTLAND, OREGON, UNITED STATES, February 23, 2021 /EINPresswire.com/ -- What USA companies need to know

The [IR35](#) self-employed reform is coming to the United Kingdom in April 2021.



WHAT IS IR35?

Beginning April 2021, self-employed workers and the companies who engage them will experience one of the most important changes to worker tax legislation in the United Kingdom (UK). IR35 reform will have a serious impact on large and medium-size organizations, operating in the private sector. Compliance and adherence will become paramount.

The implementation of HM Revenue and Customs, or HMRC IR35 Off-payroll Working Rules legislation, is an attempt to fight against non-payment of employment taxes for UK-based hirers in the public and private sector. The bill is one of HMRC's more robust pieces of legislation in its attempt to plug loopholes that have been exploited by accountancy-services providers, to reduce tax paid by forms of contingent labor.

International law firm Osborne Clarke recently highlighted the risks emerging from the complex schemes that have been adopted this century in a series of articles:

- "The new disguised remuneration loan charge regime: are staffing companies and 'onshore employers' likely to face big retrospective claims?" (April 23)
- "Court of Appeal decision on managed service companies means major risks for accountancy service providers, staffing companies and their directors" (March 22)
- "Private sector IR35 changes in 2020 | consultation paper published on 5 March: MSPs and end users to be ultimately liable if the supply chain fails to pay tax?" (March 5)

The evidence is clear that it's not only IR35 that companies and self-employed contractors may be impacted by. Further risk may be present from past practices, at a time when few questions were being asked and compliance was not a consideration

To mitigate the key IR35 risks and assist companies with self-employed contractors in the UK, the CXC Global UK team has designed and implemented a robust and IR35 Compliant, 'Contract for Services'. The contract of services is used to engage Independent Limited (LTD) Company Contractors.

WHAT ARE THE PROGRAM OBJECTIVES?

HOW CXC CAN HELP

Key areas of risk

CXC solution addresses and provides determinants for the following key areas of risk for businesses engaging workers in the UK:

- Right of substitution
- Level of control
- Financial risk borne & provision of own equipment.
- Level of integration
- Mutuality of obligation
- Business on own account

THE CXC SOLUTION

For Contractors deemed inside IR35, CXC will engage as either a PAYE worker or deduct all statutory costs prior to paying the Contractor's Limited Company.

CXC propose to engage workers deemed outside of IR35 via a contract for services with a detailed scope of services and statement of work signed off by the Client.

CXC and the Client will work together to change internal language and way of working with regards to the engagement, communication and management of independent contractors.

ABOUT CXC

CXC simplifies how organizations and independent contractors or self-employed workers connect, ensuring compliance and efficiency.

Established in Australia in 1992 to provide contractor vetting, compliance and payroll, the international independent contractor market has continued to be our core, with services now delivered 75+ countries internationally by local specialists. Our corporate solutions have evolved over the past decade due to increasing market complexity, regulation, technology and evolving

client demand.

CXC is now able to be an extension of your HR and Procurement function, taking responsibility for your entire employed and self-employed workforce. CXC's difference is that, while managing visibility, cost and control, we also enable your talent first approach – including access to new and known talent and improving the engagement and performance of the workforce.

CONTACT US

Contact us directly to learn more about IR35 in the United Kingdom, how it may impact your business and relationship with your workers and how we can help.

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