



## Who IR35 applies to

End hirers engaging PSC drivers via agencies under the off-payroll rules (April 2021 reforms).

Medium and large private sector businesses are responsible for determining IR35 status and issuing a compliant Status Determination Statement (SDS)

## End Hirer goals

- 1 Access a flexible PSC driver workforce
- 2 Avoid reclassification & tribunal exposure
- 3 Avoid unexpected Employer NIC & tax liability
- 4 Maintain cost competitiveness
- 5 Protect governance, audit position & reputation
- 6 Prevent contractor flight / operational disruption

## Example Scenario

20 PSC drivers, paid £200 per day,  
across 220 days per year

Annual gross payments = £880,000

If reclassified inside IR35 retrospectively:

- Employer NIC at 15% = **£132,000**
- Apprenticeship Levy at 0.5%  
£4,400 = **£136,400**
- X3 years = **£409,200**

## Risk Profile

plus, up to 100% in penalties and interest

# £818,400+

### Commercial Impact:

- 15%+ rate uplifts to retain drivers
- Mass contractor exits
- Project delays
- Procurement escalation
- Audit failure

 HMRC can transfer fee-payer liability

 Backdated NICs & PAYE

 Backdated Apprenticeship Levy

 Statutory interest

 Reputational and audit exposure

 Penalties - from 30% up to 100%

## The Engagement Model

A compliant and defensible structure requires:

- 1 **Role-Based Assessment**  
No blanket decisions. Each engagement assessed individually.
- 2 **Case-Law-Based Analysis**  
Determinations must reflect tribunal principles.
- 3 **Clear, Documented SDS**  
Reasoning must be explicit and communicated clearly.
- 4 **Dispute Process**  
Structured contractor challenge handling within statutory timelines.

- 5 **Fee-Payer Alignment**  
Clarity on who carries PAYE risk and when.
- 6 **Insurance-Backed Decision**  
Protection against defence costs and tax loss exposure.
- 7 **Audit Trail**  
Documented evidence of reasonable care across contracts and working practices.

## IR35 Protect Solution

- ✓ Multi-stage determination  
Identify → Analyse → Plan → Implement
- ✓ Documented reasonable care
- ✓ Collaborative assessments across upper contracts, lower contracts and working conditions

- ✓ Dashboard & reporting  
Status distribution, risk exposure, modelling
- ✓ Direct contractor engagement via Bar2
- ✓ Financial modelling before final decision
- ✓ Client-branded SDS issuance

- ✓ Updated assessment per assignment
- ✓ Insurance-backed protection
- ✓ Audit ready due diligence

