



HM Revenue & Customs CDIO Digital

Check employment status for tax

Round table research events

18/03/19 - 25/03/19 & 01/04/19 - 05/04/19

Prototype version: <https://www.gov.uk/guidance/check-employment-status-for-tax>



Objectives and method

Research objectives

Discover concerns with regards to the IR35 rules being applied to the Private Sector from April 2020 by speaking to multiple user types.

What we did

Dates

18th - 25th Mar and 1st - 5th Apr 2019

10 Events

- Round-table sessions held with representatives from private and public sector

How?

We conducted open discussion round-table sessions so that representatives could air their views and concerns on the current tool and also for what the implementation of rules for 2020 could be like.

Findings summary

Key findings

- Tool does give correct determinations - if you know how to interpret the questions correctly
- Tool is remaining anonymous

- No inclusion of Mutuality of Obligation
- Too much ambiguity throughout the tool
- Substitution and Control sections are too open to interpretation
- No chance to see questions/sections up front
- The content is not understandable
- The questions don't make sense
- Too many of the screens are too text heavy
- Who is the tool actually aimed for?
- Answers can easily be changed to gain desired outcome
- Example text on questions is too complex
- No industry sector specific questions
- No way to bulk upload or share management information with companies
- Results page and output not good enough

“I’d rather spend more time completing more questions in the tool than have to spend hours/days/weeks on an appeal at a later date!”

(Private Sector employment tax experts)

In detail findings

No inclusion of Mutuality of Obligation (MoO)

There is widespread concern that there is no mention of MoO throughout the whole tool. Multiple representatives that we've spoken with believe there should be either prescriptive guidelines set out at the start of the tool or a question set with regards to it.

Check employment status for tax

Use this service to find out if you, or a worker on a specific engagement, should be classed as employed or self-employed for tax purposes.

Published 2 March 2017
Last updated 30 March 2017 — [see all updates](#)
From: [HM Revenue & Customs](#)

This service will give you the view of HM Revenue and Customs (HMRC) on whether:

- the [intermediaries legislation \(known as IR35\)](#) applies to an engagement
- the [off-payroll working in the public sector rules](#) apply to a public sector engagement
- a worker should pay tax [through PAYE](#) for an engagement

This service can be used for current or future engagements in the private or public sector. You should reassess the status of the role if there are changes to the engagement or the way the work is done.

HMRC will stand by the result given unless a compliance check finds the information provided isn't accurate.

HMRC won't stand by results achieved through contrived arrangements designed to get a particular outcome from the service. This would be treated as evidence of deliberate non-compliance with associated higher penalties.

Related content

[Payslips: employee rights](#)
[Employment status](#)
[Working for yourself](#)

Detailed guidance

[Apply the off-payroll working rules \(IR35\) in the private sector](#)
[Off-payroll working through an intermediary \(IR35\)](#)

Collection

[Employment status: employed or self-employed](#)

Severity:  Critical issue

Too much ambiguity throughout the whole tool

Multiple users have pointed out that guidance, questions and answers are too ambiguous.

They feel that some questions do not have one obvious answer and this can often be interpreted differently depending on the user answering the questions.

Severity:  Critical issue

Substitution and Control sections lack real clarity

Substitution, in reality, would not be accepted in a vast number of cases. A lot of users answer that it could be because it's in their contract

“There could be a real world example on screen which may help better explain the purpose of this set of questions” - on Substitution

Control needs to be representative of modern day working practices

“How much emphasis and weighting is placed on this section?”

Severity:  Critical issue

“We really want this to be our ‘go-to’ tool, but we need it to have more credibility than it does currently.”

(Private Sector employment tax experts)

Option to view questions/sections up front?

There have been several suggestions that what could help private sector hiring managers get a better grasp is having early sight of all of the questions and/or sections.

The feeling is that this would enable them to see where they needed to enhance their own knowledge by going away to read further guidance - allowing them to make much more informed decisions when answering questions.

Content/guidance/questions/answers aren't understandable in all cases

This is a consistent theme across all user types that we've spoken with.

Work has already begun on making the general content clearer and will be tested in due course.

Work on giving the guidance more clarity and making it less text heavy has also begun.

Who is the tool actually aimed for?

Currently there a question at the beginning of the tool that suggests the language will be tailored depending on the choice made. This isn't the case and is causing confusion for the different types of users (hiring managers, contractors and agencies) currently using the tool.

With a impending change on the onus from contractors to hiring managers (for large and medium sized companies) within the Private Sector we have begun work to make this clear from the offset.

Future testing will evidence our findings.

Severity:  Less severe issue

“We need more confidence in the tool”

(Private Sector employment tax experts)

Gamification of the tool

We are fully aware that there is a certain level of gamification of the tool by a number of users to try to gain their desired outcome.

This is something that will never be able to be fully eradicated but is something we hope to reduce by making guidance and questions clearer.

Example/hint text on some screens is too complex

Very much linked to 'content is not understandable'. Hint text is currently either not helpful at all or is in fact causing extra confusion.

Suggestions have been made by multiple users that the hint text is simplified and can potentially provide links to full, question specific guidance.

No industry specific sections/questions

Since we've spoken to a complete varied audience of users and industry representatives it's been brought to our attention that there are many, many nuances within sections and questions for different industries.

Suggestions have been made to make specific guidance, questions and even tools for different industries.

Something which could potentially be explored further in the future.

“There needs to be much more clarity across the whole tool, including the guidance”

(Private Sector representative)

No way to bulk upload or share management information

Many of the Private Sector representatives we spoke with were part of organisations that take on thousands of contractors.

We've been made aware of just how time consuming and costly it will be for these to be placed through the tool on a single basis.

Options for easing this burden are being explored and also how we can share the MI with companies post determination.

Results page and output not good enough

Many of the representatives we spoke with mentioned that the results page was too convoluted, not easy to digest and that the PDF output was not fit for purpose.

Also, the reasons why the questions are being asked are shown at this point.

“They would be much better off showing these reasons upfront.”

The intermediaries legislation does not apply to this engagement

Why are you getting this result

You have told us that the worker's business must make a significant capital investment to work on this engagement. These costs cannot be claimed back from the end client or an agency. Workers who risk their own money by, for example, buying assets, or paying for overheads and materials are acting more like a business in their own account and are likely to be self-employed for tax purposes.

! If HMRC investigate this engagement, the worker will need to demonstrate that they had to incur significant costs for materials, equipment, vehicles or other expenses that cannot be claimed back from the end client or agency.

About the people involved

▶ [View my answers for this section](#)

About the worker's duties

Workers that perform office holder duties for the end client are classed as employed for tax purposes.

▶ [View my answers for this section](#)

Severity:  Critical issue

Participants

Participants

Who	Gender	Age	Digital confidence	Digital inclusion barrier	Tax confidence
Event 1 (9 participants)	Mix	Mix	High	None	High
Event 2 (8 participants)	Mix	Mix	High	None	Very High
Event 3 (3 participants)	Mix	Mix	High	None	Very High
Event 4 (4 participants)	Mix	Mix	High	None	High
Event 5 (8 participants)	Mix	Mix	High	None	Very High

Participants

Who	Gender	Age	Digital confidence	Digital inclusion barrier	Tax confidence
Event 6 (8 participants)	Mix	Mix	High	None	High
Event 7 (9 participants)	Mix	Mix	High	None	Very High
Event 8 (6 participants)	Mix	Mix	High	None	High
Event 9 (9 participants)	Mix	Mix	High	None	Very High
Event 10 (8 participants)	Mix	Mix	High	None	High