

# What is IR35?

IR35 asks whether the worker would have been an employee of the client if engaged directly. It looks at a number of factors to determine this; the factors do overlap and are not generally applied in isolation.

## What helps with IR35?

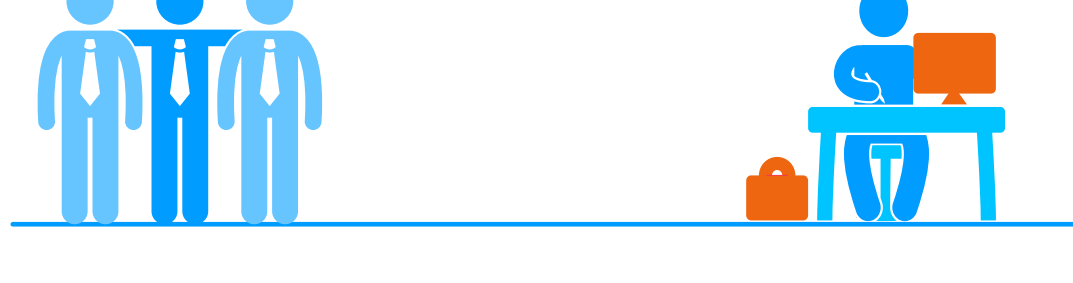
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## What hinders IR35?

### Right of Substitution

The contractor **can substitute** their services for someone suitably qualified and skilled.

The contractor **must personally** carry out the work.



### Mutuality of Obligation

The client has **no obligation** to offer work to the contractor and the contractor has no obligation to accept work offered.

The client is **obliged to keep offering work** to the contractor and the contractor is obliged to accept any work offered.



### Control

The contractor is more likely to **decide when, where and how** they do the work.

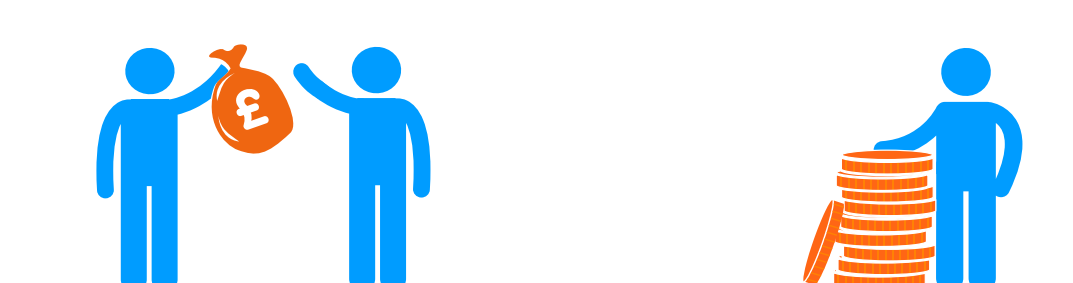
The contractor is **regularly assigned tasks** and the working hours and days are set.



### Financial Risk

The contractor **risks their own money**, e.g. buying assets to do a job, paying for training to maintain and improve skill set or accepting a reduced payment for late or unsatisfactory work.

The contractor **does not risk their money** or carry responsibility for the standard of work.



### Tools and Equipment

The contractor is responsible for providing **their own tools, equipment and training**.

The equipment, training and tools **are provided by the client**.



### Part and Parcel of the Organisation

The contractor **stays independent** from the client's employees and can easily be identified as a contractor.

The contractor is **integrated** within the client's organisation. For example, they take advantage of employee facilities and attend social events.



### Termination Clause

The contract should have a clause which allows either party to **give notice to bring the contract to an end**.

The client **has the right to dismiss the contractor**. A 'dismissal' is employment-related terminology.



### Length of Contract

The work, normally project based, will end after a **set period of time**.

If the contract is for a **long period and/or is open ended**, this is sometimes seen as typical of being in employment.



### Employee Benefits

The contractor is **not entitled to employee benefits** including holiday pay, sick pay and maternity pay.

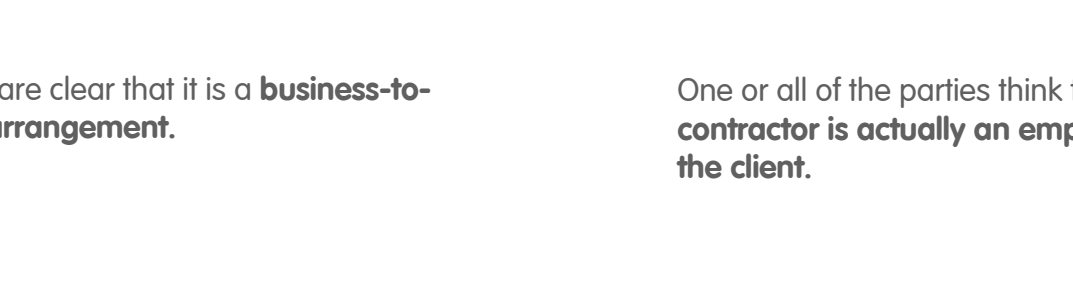
The contractor **receives employee benefits** such as holiday pay, sick pay and maternity pay.



### Intention of the Parties

All parties are clear that it is a **business-to-business arrangement**.

One or all of the parties think the contractor is **actually an employee of the client**.



### Find out more

PayStream offers IR35 advice to contractors whether they're using PayStream's accounting services or not.

Visit our [website](#) to find out more or:

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