

# What is IR35?

IR35 asks whether a contractor would have been an employee of the client if engaged directly. Determining whether a contractor falls outside of IR35 looks at a number of factors, which do overlap and are not generally applied in isolation.

## Right of Substitution

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

A **hinder for IR35** is when the contractor **must personally** carry out the work.

## Control

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

A **hinder for IR35** is that the contractor is regularly assigned tasks and the working hours and days are set.

## Length of contract

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

## Mutuality of Obligation

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



## Financial Risk

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

## Intention of the Parties

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

A **hinder for IR35** is one or all of the parties think the contractor is actually an employee of the client.

## Termination Clause

The contract should have a clause which allows either party to **give notice to bring the contract to an end**, immediately or on a short notice period.

A **hinder for IR35** is the client has the right to dismiss the contractor. A 'dismissal' is employment related terminology.

## Tools and Equipment

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



## Employee Benefits

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



## Part and Parcel of the Organisation

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

## How can PayStream help?

### Working practices questionnaire

PayStream will carry out a thorough analysis of the contractors working practices.

### Reviewing your contract

PayStream will carry out a thorough analysis of the contractors working practices.



For more information on how PayStream can help call,  
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