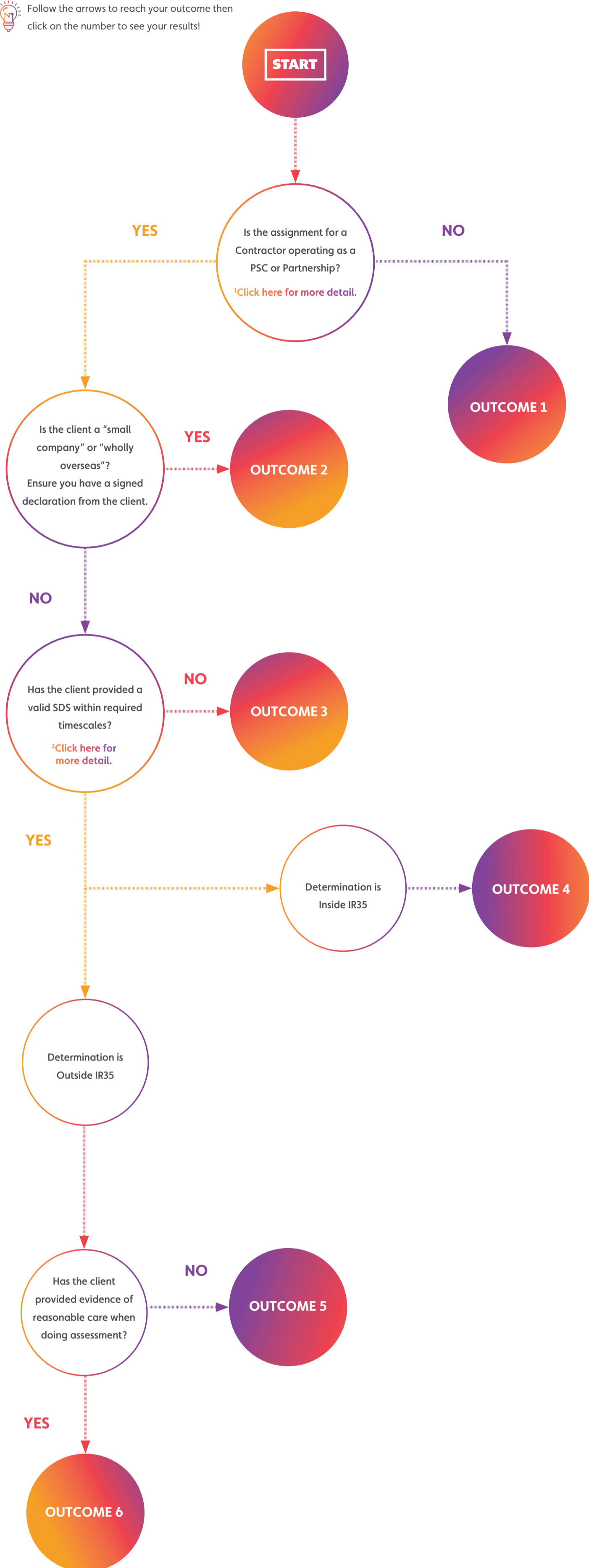


How well do you know your Responsibilities and Liabilities?

Follow the arrows to reach your outcome then click on the number to see your results!



Clarifications:

¹ Confirm worker has a material interest in intermediary before proceeding
PSCs – Worker should be a director and at least a 5% shareholder of the PSC
Partnership – Worker should be entitled to at least 60% of the partnership profits

For more detail, see [here](#).

² SDS must be provided to the Recruiter by the Client **before 6th April 2021** or before the first payment to the PSC for any new assignments after 6th April 2021. SDS must contain IR35 status determination and reasoning to be valid and Client must have taken reasonable care when making determination.

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Outcomes



Outcome 1.

Action: Off-Payroll Rules do not apply to this Contractor / Assignment

Liability: NONE (under Off-Payroll Rules - other legislation applies to umbrella / PAYE workers)

Outcome 2.



Action: Pay with no deductions (i.e. Outside IR35)

Liability: CONTRACTOR - If end client is a 'small company or 'wholly overseas', the original IR35 rules (Chapter 8) apply. Contractor / PSC decides own IR35 status and any liabilities for unpaid taxes sits with the PSC.

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Outcomes



Outcome 3.

OPTION: 1

Action: Pay without deductions (i.e. Outside IR35)

Liability: CLIENT - Client is liable for any taxes and NI under the Off-Payroll Rules if it does not provide an SDS. The recruiter needs to confirm if there are any tax indemnities in client T&Cs which could mean clients can pass tax liabilities down to you, even though the client is liable under the law. As soon as the client provides a valid SDS, agency should reconsider actions and outcomes using this flow chart and make changes to assignment / payments if needed.

OPTION: 2

Action: Pay with deductions (i.e. Inside IR35) or convert to umbrella or PAYE

Liability: NONE (no unpaid taxes; no liabilities)



Outcome 4.

Action: Pay with deductions (i.e. Inside IR35) or convert to umbrella or PAYE

Liability: NONE (no unpaid taxes / no liabilities)

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Outcomes

Outcome 5.



OPTION: 1

Action: Pay without deductions (i.e. Outside IR35)

Liability: CLIENT - (if it has not taken reasonable care) or RECRUITER (if client has taken reasonable care)

The recruiter will have to prove that the client did not take reasonable care in their determination in order for the client to be liable. Presumption will be that recruiter is liable unless you give evidence of a lack of reasonable care by the client. You also need to confirm if there are any tax indemnities in client T&Cs which could mean clients may be liable under the Off-Payroll Rules but can pass the tax liabilities down to you.

OPTION: 2

Action: Pay with deductions (i.e. Inside IR35) or convert to umbrella or PAYE

Liability: NONE (no unpaid taxes; no liabilities)

Outcome 6.



Action: Pay without deductions (i.e. Outside IR35)

Liability: RECRUITER (as fee-payer) - If the client has provided a valid SDS in time and taken reasonable care, the client will not be liable, EVEN IF the determination is held by HMRC to be wrong. If the determination is wrong, but reasonable care has been taken, the recruiter holds all liabilities.

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