

## IR35 in your resourcing landscape: IR35 and the private sector

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Following the deferral of the law extending the reformed IR35 regime to the private sector, organisations that continue to use workers who operate through Personal Service Companies (PSCs) now have until 6 April 2021 to assess their existing population and implement the changes required to ensure ongoing compliance.

Our approach to building robust IR35 processes begins with an assessment of an organisation's existing resourcing landscape and systems capabilities. We then evaluate how the additional steps needed to support IR35 compliance would be best adopted within that environment. Where it is the right solution, we have developed technology to help support the operational challenge associated with implementing the new rules and embedding the changes into 'business as usual' contractor on-boarding processes.

### How will IR35 compliance fit within your existing contractor on-boarding landscape?

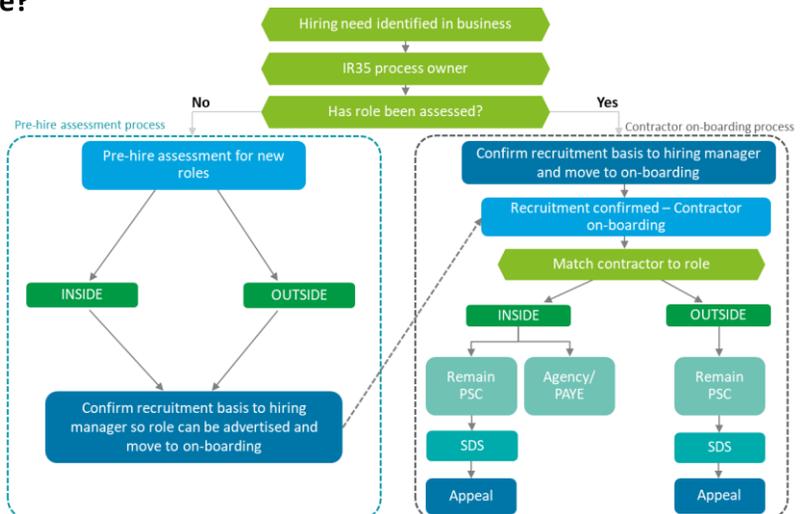
For businesses that will continue to use the services of large numbers of contractors operating via PSCs, maintaining efficient on-boarding processes in view of the additional IR35 compliance requirements will be a significant challenge. Businesses will need to enhance their existing on-boarding processes to be compliant with IR35 obligations, but also ensure that this does not delay their ability to access resource at pace to meet their business needs.

The optimum approach is likely to vary and depend on the complexity and capability within the current resourcing landscape and on-boarding framework. Reasonably standard resourcing processes (e.g. direct connection between hiring manager and agencies) will operate quite differently from more complex structures involving a range of systems and parties (e.g. involving requisition systems, internal recruitment teams, managed service providers, vendor/freelance management systems and a wide range of agencies). Introducing IR35 processes to complement the existing framework should be a key goal.

### What does a good IR35 process look like?

Whilst resourcing and on-boarding landscapes can look quite different, there will be some fundamental principles that will be shared in a good IR35 process. These include:

- The ability to identify efficiently whether a role has already been assessed and the supporting rationale to confirm whether the assessment is appropriate for the proposed hire.
- The ability to identify proposed roles/hires which require a new assessment and to perform that assessment compliantly and efficiently.



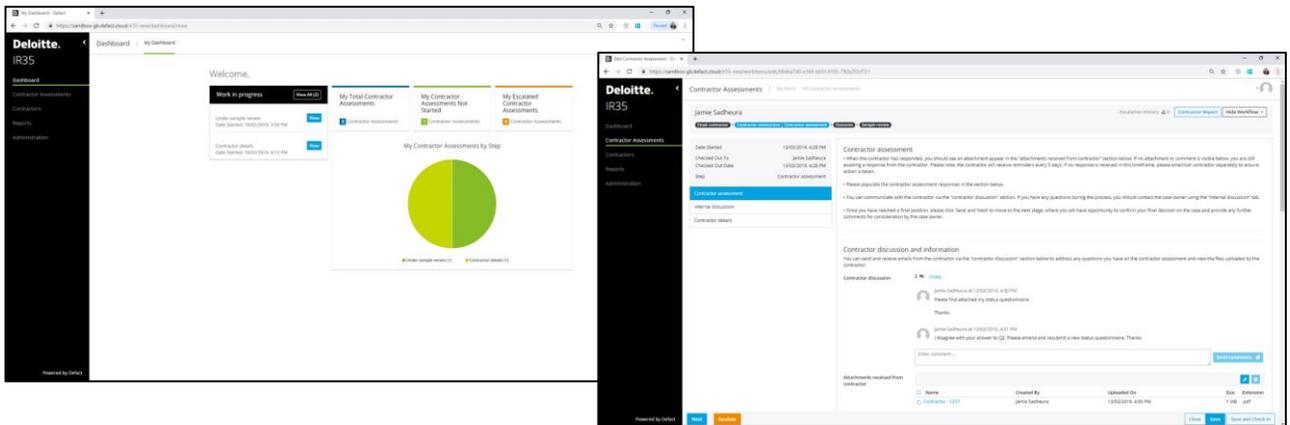
## Our solution

While there will be many common factors, organisations will not have a standard set of requirements in addressing IR35 and so a bespoke approach is likely to be needed. Our recommended solution could involve some or all of:

- Supplementing existing processes with additional IR35 steps;
- Enhancing system capability with the existing landscape system to deliver IR35 sub-processes;
- Introducing new specific processes for IR35;
- Introducing new systems/technology for IR35.

Where additional technology is required, we have developed a standalone workflow management solution (**IR35 workflow**) built on the core principles of what a good IR35 process looks like. This is designed to sit as an IR35-specific sub-process and link to your existing recruitment/on-boarding processes. The IR35 workflow tool:

- Provides a single location for managing the employment status decision making process and associated communications to help maintain records showing how “reasonable care” has been taken and support good governance;
- Facilitates a compilation of a library of roles, the assessment outcome and the supporting rationale;
- Connects stakeholders via automated email exchange quickly to enable new assessments to be performed;
- Delivers a framework to provide consistent communications and Status Determination Statements.;
- Facilitates the statutory contractor appeals process; and
- Is a proven process that can be deployed quickly and cost-effectively to complement and integrate with other resourcing/HR/Finance systems to ensure that the on-boarding process remains efficient.



**For further details on introducing IR35 into your resourcing landscape, please contact one of the below or your usual Deloitte contact.**

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