



## Black Diamond

Over the last 10 years Black Diamond has delivered an impressive, unbiased, service focused business that delivers tailored accountancy and umbrella solutions to freelance workers across multi-disciplined sectors throughout the UK.

We would like to invite you to join us!

Already with us? - Why not refer a friend.

As a fully audited member of Professional Passport and APSCo we aim to meet your individual needs, compliantly optimising your personal wealth, enabling you to live the life style that you choose.

**For a free, no obligation assessment of your requirements, call our team today.**

All new, successful enquiries will receive a thank you, just **quote promotional code 3007** when you call and we'll let you know the details.

**For more information or even just a chat, feel free to contact us: 01942 679997**



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## IR35 - The Business Entity Tests - Update

HMRC's new enforcement procedures around IR35 are already having an impact. From the initial reactions and feedback it is clear that the vast majority of contractors are being rated as high risk which means that they are highly likely to be considered for an IR35 Review by HMRC.

When HMRC commences a review the first question you are asked is whether you have considered IR35 in relation to your engagements. Where you confirm you have considered IR35 you will be asked to provide any reports or documentation relating to that assessment.

We are already seeing situations where contractors who have had a professional assignment review, and are able to provide a copy of the report to HMRC, are having their enquiries closed within a relatively short period with no further action being taken.

There are also suggestions that where contractors are unable to support their claims of status a more detailed enquiry is commenced; the outcome of these are yet to be confirmed.

We are also seeing evidence where contractors are trying to get their recruitment companies to amend the contractual terms in an attempt to put themselves outside IR35. It must be

remembered that IR35 status is assessed over the whole working arrangements and not just the recruitment company terms; this is what is often referred to as the notional contract.

The contract provided by recruitment companies, in the vast majority of cases, will be no more than IR35 neutral with the ultimate IR35 determining points being decided from a review of the actual working arrangements.

**Professional Passport offers a professional assignment review service for contractors, the service is carried out by Bauer and Cottrell, which fully reviews the contract and working arrangements to assess the assignments status. It also provides the contractor with a written report on why the conclusion was reached. We have now upgraded the service to also offer FREE Defence Cover for the first stage of the new enquiry process.**

There is a special promotion on the review service meaning that contractors can have all their assignments reviewed for a 12 month period for only £179.

Contractors who have used this service and had an enquiry under the new arrangements have found the report satisfied HMRC and the enquiry was closed with no further action.

Contractors seeking certainty and an accurate assessment of status it will find it is the best £179 they have spent.

You can see full details on the services here:

[www.professionalpassport.com/Contractors/296](http://www.professionalpassport.com/Contractors/296)

## Professional Assignment Reviews

**Fixed Cost per Annum**

**Special Offer  
Now from only £179**

**Unlimited IR35  
assignment reviews for  
a year**

**Includes free defence  
to new first stage  
enquiry**

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## Controlling Persons Consultation

We can confirm that our input with regards the recent HMRC consultation entitled The Taxation of Controlling Persons was that this should be put on hold until a full review of the new Business Entity Tests trial period has been carried out.

The new Business Entity Tests, and the increased activity on IR35 enforcement by HMRC, seems to be having a reaction across the market with many contractors now seeking professional reviews to assess and confirm their status.

This increased level of awareness together with heightened enforcement is likely to result in a significant change in behaviour and therefore it is unlikely that further legislation will be required.

Furthermore action has also been taken to address the issue of workers in the public sector operating through their own limited company. There has been new guidance and procedures issued on the procurement of all public appointees and assessing their tax arrangements.

Contractors operating in this sector are likely to experience some significant changes to the procurement policies and may be asked to confirm how they have assessed their status.

We are certain that the combination of the new enforcement of IR35 coupled with the new procurement guidelines will mean that no further legislation will be required.

## Pensions Auto Enrolment - Coming To An Umbrella Near You!

If you use the services of an umbrella company you will soon be coming to grips with a new procedure the Government has introduced in an attempt to reduce the pensions shortfall across the working population.

In simple terms all employers, and an umbrella is an employer, will have to automatically enrol you into a pension arrangement.

These arrangements will have both employer and employee contributions that increase over a period of time. In the case of the umbrella worker the employer contribution will be taken from the gross funds and paid to the pension resulting in a slightly reduced take home pay.

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## IT Contractors

### Want to save at least £300 on your insurance

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- Underwritten by Hiscox the largest name in this market

### Confused; need some help -

Contact the Professional Passport Members Helpline for unbiased advice and support

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The rules prevent your umbrella provider from removing you from the arrangement or offering any advice, guidance or incentive not to join. There is however an opt out arrangement for all employees that do not wish to participate in the arrangements.

It is likely to be a little while before you are faced with these choices however if you have any questions we suggest you contact your umbrella provider and ask when their implementation date is; all companies have different dates depending on their size - the largest ones go first.

## Beware the tax avoiding 'Umbrella'

HMRC have issued another warning to any users of, what has become known as, Pay Day by Pay Day Tax Relief models. These providers often describe themselves as umbrellas although fail to meet HMRC's definition of an umbrella.

They typically work with contractors who are paid at or around The National Minimum Wage and offer those workers higher returns than a compliant traditional umbrella by manipulating the taxable income figure.

HMRC have made it clear that they do not believe these models to be compliant and plan to challenge them.

We have seen reports on the back of the statement suggesting the death of the umbrella or that all umbrella dispensations are to be revoked; none of these reports appear to be accurate or understand the model as referred to by HMRC.

HMRC have confirmed that the traditional compliant umbrella continues to work as before and will experience no change to their working arrangements or dispensations.

Contractors looking for a compliant provider should review our approved provider listings; safe in the knowledge that each has had a full independent review of their operational processes and procedures. We do not approve any company that operates a Pay Day by Pay Day Tax Relief model.

Anyone wishing to review the HMRC statements can view them here:

Statement 1

[www.hmrc.gov.uk/news/relief-models.htm](http://www.hmrc.gov.uk/news/relief-models.htm)

Statement 2

[www.hmrc.gov.uk/news/news290812.htm](http://www.hmrc.gov.uk/news/news290812.htm)