



ARE YOU A LTD COMPANY CONTRACTOR?

YOU NEED TO GET READY FOR IR35

Changes to the Government's IR35 legislation will come into force in April 2021, preventing larger haulage companies from taking on drivers who work as Ltd Companies. Instead, you'll need to be employed as a PAYE worker — either as part of a haulage company's permanent driver pool or on your agency's payroll, or as an agency worker through an Umbrella scheme.

WHAT IS IR35?

The IR35 legislation applies to companies with a net turnover above £10 million or who have over 50 staff and is used to determine a worker's employment status for tax purposes. The Office of the Traffic Commissioner has examined this legislation and has stated that:

“In road haulage, it is rare for someone to be genuinely self-employed [Ltd Company Contractor] unless they are an Owner-Driver.”

We've also studied the legislation, and have concluded that larger haulage companies will agree with the Traffic Commissioner's view — insisting that their agency drivers be paid as PAYE workers.

WHY IR35 AFFECTS YOU

There are several criteria you must meet to legally continue trading as a Ltd Company contractor. We've listed four of these criteria below to help you understand why, as an agency driver, you fall under IR35 and will likely need to move to a PAYE model:



Right of substitution:

You fall under IR35 if you're not allowed to subcontract your services without approval.



Provision of materials:

You fall under IR35 if you don't provide your own materials that are used as part of your service.



Self-determination:

You fall under IR35 if you don't get to decide where you must go, in what vehicle or at what time.



Mutuality of obligation:

You fall under IR35 if you carry little or no financial risk if the work takes longer than expected.

YOUR CHOICES



If you mostly work for larger haulage companies, you'll need to transition to a PAYE agency driver before April 2021.



If you only work for smaller companies (net turnover under £10 million and under 50 staff) you should be able to work for them as a Ltd Company contractor.



If you work for both small and large haulage companies, you do have the option of combining the Ltd Company and PAYE models, however this option may not always be financially viable.

WE'RE IN YOUR CORNER

Our team is working really hard to negotiate new and improved PAYE rates with our clients so that we can offer our PAYE drivers the same level of net (after tax) pay they would get operating as Ltd Company contractors.

If you have any questions or would like to discuss the changes in more detail, we're more than happy to talk you through the options and, where applicable, guide you through the steps to transfer over to PAYE.

For more information please check out our IR35 White Paper at: driverrequire.co.uk/ir35