

Status Determination Statement

As per Chapter 10 of the Income Taxes and Earnings Act ("ITEPA 2003") and Social Security Contributions (Intermediaries) Regulations 2000 ("SSC(I) 2000 Regulations") this document certifies that the engagement has been assessed.

Status Determination:

**IR35 Does Not Apply
(Outside IR35)**

The condition in section 61M(1)(d) of ITEPA 2003 and condition in regulation 13(1)(d) of SSC(I) 2000 Regulations are both NOT met in the case of the engagement.

This document explains the full reasons for that determination.

Assessment number:

5279068

Assessment date:

24 February 2020

Contractor: **John Doe**

Contractor's company: **John Doe Ltd**

Contractor's company number: **0123456789**

Agency: **Ace Agency Limited**

Client: **Best Client Limited**

Certificate

OF IR35 COMPLIANCE

IR35 Shield certifies that

John Doe Limited

is providing services to

Best Client Limited

via the agency

Ace Agency Limited

between **01 March 2020** and **31 March 2020**

Status Determination:

IR35 does not apply
(Outside IR35)



Contractor: **John Doe**
Contractor's company: **John Doe Ltd**
Contractor's company number: **0123456789**
Agency: **Ace Agency Limited**
Client: **Best Client Limited**
Assessment date: **24 February 2020**
Unique assessment number: **5279068***

About IR35 Shield

visit us at

www.ir35shield.co.uk

IR35 Shield is the cloud-driven industry leading IR35 compliance standard for business and individual contractors. We have over 20 years practical experience of IR35, having developed the first IR35 calculator to determine the financial impact of the legislation in 1999.

In 2009 we launched the first fully automated IR35 status assessment technology which has so far been used over 100,000 times.

We are confident IR35 Shield is the most accurate and comprehensive IR35 assessment technology on the market, here's why:

- Market-leading expertise – our team consults with the Treasury on IR35 matters and we have published multiple white papers on the topic of IR35.
- We use powerful weight-based algorithms aligned to decades of employment legislation case law to give highly accurate determinations.
- Our assessment is updated on an ongoing basis to incorporate the latest IR35 updates and case law. We work with IR35 experts and incorporate their feedback into further refinements of our algorithm, enabling us to provide greater certainty in a larger number of cases.
- Only 2.9% of our assessments result in an indeterminate status – by comparison HMRC's CEST tool produced 25% indeterminate statuses.

“ Our SDS (Status Determination Statement) provides valuable insight which can help better understand the status determination and what can be done to change it. We offer expert legal advice and guidance if needed. ”

What is this IR35 Status Determination Statement?

This Status Determination Statement provides evidence to help with a defence that the relevant contract is not caught within the IR35 legislation. It can be used to demonstrate this to the client/engager, agency and HMRC.

The Statement comes in three main sections:



The IR35 Certificate

- Proves this contract has been assessed as outside IR35.
- Has a unique reference number for third-party confirmation.
- Identifies the service company.
- Includes contract details.



A sign-off sheet for the engager

- When signed by the engager this Status Determination Statement demonstrates proactive and strong due-diligence and assists with the defence in the event of an inquiry by HMRC.



The answers with commentary

- A full list of the questions and the answers.
- Additional commentary within the Statement providing further information to help guide you in respect of IR35 status.



Next steps (contractor):

- Read the Statement: follow the guidance to help support the IR35 status of your contract.
- File this Statement, as you may need it in the future if HMRC decide to review your circumstances within the next six years.

How can this IR35 Status Determination Statement be used?

This Status Determination Statement and Certificate can be used to demonstrate to HMRC that the contract has been evaluated for IR35 status purposes and that there are strong pointers indicating that the IR35 legislation should not apply.



Shut down HMRC investigations before they begin

- If targeted for an IR35 inquiry by HMRC, the Status Determination Statement can be used to demonstrate that reasonable care has been taken to assess the contract's IR35 status.
- The Status Determination Statement highlights those areas where there is strong evidence that the contract should be considered outside IR35 and professional advisers can use the Statement as the basis of a defence to HMRC.
- **In the face of strong evidence, in our experience HMRC are likely to close an IR35 inquiry in its early stages – the Status Determination Statement can be an important part of the evidence.**



Reduce IR35 tax risk / buy tax protection cover

- For private sector client contracts, the IR35 legislation says that the contractor's limited company becomes responsible for paying income tax and NICs.
- This Status Determination Statement and certificate helps demonstrate that there is a low IR35 risk for this contractor.
- For complete peace of mind, this Statement can be used to purchase IR35 tax protection cover – in the event of an inquiry all defence fees are covered along with any tax liabilities that become due as a result of a negative outcome.

Your Determination – S

Assessment: IR35 DOES NOT APPLY (Outside IR35)

Your answers indicate that there are strong pointers that the IR35 contract.

The breakdown of the individual areas is shown below, and spe provided on the following pages next to your answers.

If there are areas that you feel require intervention then you co you. But it's important to note that the contract and assessment engagement.

IR35 Status Analysis

The **Status Analysis** is your employment status broken into 4 easy to understand ca towards inside or outside IR35, and then give you a strength, allowing you to better u

Substitution	Outside IR35	Strong	Mutual
Control	Outside IR35	Strong	Other f

Control Breakdown

The **Control Breakdown** is a more in-depth analysis of the constituent factors contributing to your level of control.

How you work	Outside IR35	Medium
What you do	Outside IR35	Strong
When you work	Outside IR35	Strong
Where you work	Outside IR35	Medium

Other

The **Other** less impor

Financi
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In busi
Equipm
Intenti
Helpers

ABOUT THIS REPORT

This section provides detailed granularity of how you have scored in the relevant IR35 case law areas.

For the main factors you will have a result that is either:

- Pass: Strong, Medium or Weak
- Fail: Strong, Medium or Weak

Control is also broken down into four further areas, which are either Pass or Fail, together with Strong, Medium or Weak.

For the other factors you will have either:

- Good
- Bad

Reasons for your Determination

The observations indicate pointers towards “deemed employment” or “self-employment” (IR35 does not apply or “outside IR35”) weighted based on employment status case law. The three main areas are: mutuality of obligations, and then the other factors are considered.

Key

✓ : Points to your contract being outside IR35. ✗ : Points to your contract being inside IR35.

Substitution

- ✓ [Obscured text]
- ✓ [Obscured text]
- ✓ [Obscured text]

Control

- ✓ [Obscured text]
- ✓ [Obscured text]
- ✓ [Obscured text]

ABOUT THIS REPORT

This section provides bespoke generated observations about the key areas of your IR35 status.

Areas of strengths and weaknesses are provided.

These will guide you when considering how to improve your IR35 status.

Simply follow the colour coding: A green tick is good, but a red cross means that there is scope for improvement.

Mutuality of Obligations (MOO)

- ✓ There are no contractual obligations to provide services. There is a contract for services and payment is made.
- ✓ The contractor has full control over their work and is not subject to any direction or control by the client. The contractor is not subject to any direction or control by the client. The contractor is not subject to any direction or control by the client.
- ✓ The contractor is not subject to any direction or control by the client. The contractor is not subject to any direction or control by the client. The contractor is not subject to any direction or control by the client.
- ✓ The contractor is not subject to any direction or control by the client. The contractor is not subject to any direction or control by the client. The contractor is not subject to any direction or control by the client.

Other Factors

- ✓ The contractor is not subject to any direction or control by the client. The contractor is not subject to any direction or control by the client. The contractor is not subject to any direction or control by the client.
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Tell Us More

- ✗ The contractor is not subject to any direction or control by the client. The contractor is not subject to any direction or control by the client. The contractor is not subject to any direction or control by the client.

Your questions and answers

Key

✓ : Points to your contract being outside IR35. ✗ : Points to your contract being inside IR35.

— : Your answer has no impact on your IR35 status.

👤 : Answered by the contractor. 🏢 : Answered by the client or agency.

Contract information

The IR35 tax legislation only applies to UK tax payers who are or will be in the UK at the time to focus on IR35 issues is before signing a contract, and depends on the facts and circumstances.

1.1

1.3

1.4




ABOUT THIS REPORT




This section provides bespoke commentary for each of your answers.




Simply follow the colour coding: A green tick is good, but a red cross means that there is scope for improvement.



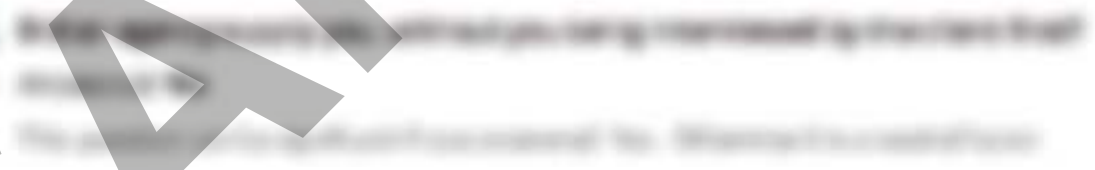
Substitution - Contract

Substitution is one of the three main tests used to determine IR35 status. Employees provide a personal service, and they cannot send someone else to replace them. Genuine businesses have a 'contract for services' with their clients, and can then decide who to send to deliver those services.

- 2.1   

- 2.1.1   

- 2.1.2   


- 2.2   


SAMPLE

Substitution - Reality

Having a contractual right to substitute is only considered valid if in reality the client agrees that you can provide a substitute.

2.3

 **Scenario:** The client agrees that you can provide a substitute if you are unable to provide the service yourself. The client also agrees that you can provide a substitute if you are unable to provide the service yourself.

 **Analysis:**


The client's agreement that you can provide a substitute is only considered valid if in reality the client agrees that you can provide a substitute. This is because the client's agreement is only a contractual right, and it is not enough to have a contractual right to substitute if the client does not agree in reality that you can provide a substitute.


2.3.1

 **Scenario:** The client agrees that you can provide a substitute if you are unable to provide the service yourself.


 **Analysis:**


2.3.2

 **Scenario:** The client agrees that you can provide a substitute if you are unable to provide the service yourself.


 **Analysis:**


2.3.3

 **Scenario:** The client agrees that you can provide a substitute if you are unable to provide the service yourself.



 **Analysis:**

2.3.4

 **Scenario:** The client agrees that you can provide a substitute if you are unable to provide the service yourself.

 **Analysis:**

2.4


-  **Section 494A(1) – The contract is not a contract for services**
 -  **Section 494A(2) – The contract is not a contract for services**
- This example is for illustrative purposes only and does not constitute any form of advice or recommendation. It is not intended to be relied upon as a basis for any investment decision. It is not intended to be relied upon as a basis for any investment decision.


SAMPLE

Helpers or subcontractors

Helpers, who work alongside you, can be a useful pointer to not providing a personal service, but this scenario is not as strong as substitution.

2.5

 **IR35: Is this a personal service?** (IR35: Is this a personal service?)

 **Answer: No**

The contractor is not providing a personal service as they are not engaged to provide a specific service to the client.

2.5.1

 **IR35: Is this a personal service?** (IR35: Is this a personal service?)

 **Answer: No**


2.5.2


 **IR35: Is this a personal service?** (IR35: Is this a personal service?)

 **Answer: Yes**

The contractor is providing a personal service as they are engaged to provide a specific service to the client.


2.6


 **IR35: Is this a personal service?** (IR35: Is this a personal service?)

 **Answer: No**

The contractor is not providing a personal service as they are not engaged to provide a specific service to the client.

2.6.1

 **IR35: Is this a personal service?** (IR35: Is this a personal service?)


 **Answer: No**


The contractor is not providing a personal service as they are not engaged to provide a specific service to the client.

Control - How

Control is one of the three main tests used to determine IR35 status. If the client controls you and how you do the work, then there is a 'master/servant' relationship present, which is highly indicative of deemed employment.

3.1

 **What you should do:** Ensure you are not under the control of the client in terms of how you do your work.

 **Control Test**

Control is a key test used to determine IR35 status. It asks whether the client controls you and how you do your work. If the client controls you and how you do your work, then there is a 'master/servant' relationship present, which is highly indicative of deemed employment.


3.2

 **What you should do:** Ensure you are not under the control of the client in terms of how you do your work.

 **Control Test**

3.3

 **What you should do:** Ensure you are not under the control of the client in terms of how you do your work.

 **Control Test**

The client controls you and how you do your work. This is a key test used to determine IR35 status. If the client controls you and how you do your work, then there is a 'master/servant' relationship present, which is highly indicative of deemed employment.

SAMPLE

Control - What

Contractors should avoid becoming a 'tail-end Charlie' by being moved from one project to another by the client, whilst being told exactly how and when to complete any work. A lack of control would be where you are hired to deliver an agreed set of services for a particular project.

- 3.4   

Implementing an effective project
Approved by
The IR35 Compliance Standard

- 3.4.1   

Effective project implementation
Approved by
The IR35 Compliance Standard

- 3.5   

Being the owner of the project
Approved by
The IR35 Compliance Standard


- 3.6   


Being the owner of the project
Approved by
The IR35 Compliance Standard

Control - When

If the client can dictate when the services are delivered then this is an indicator of control. Minimum hours, core hours, or having to ask for time off work are factors that are more indicative of an employment relationship.

3.7

 Will you be required to be engaged at your own discretion or will you have to be engaged for a fixed period?

 Answer: No

The client will only engage you for a fixed period and you will not be required to be engaged for a fixed period. The client will only engage you for a fixed period and you will not be required to be engaged for a fixed period.


3.8


 Will you have to be engaged for a fixed period or will you be engaged for a fixed period?

 Answer: No

The client will only engage you for a fixed period and you will not be required to be engaged for a fixed period. The client will only engage you for a fixed period and you will not be required to be engaged for a fixed period.

3.9

 Will you be required to be engaged for a fixed period or will you be engaged for a fixed period?

 Answer: No

The client will only engage you for a fixed period and you will not be required to be engaged for a fixed period. The client will only engage you for a fixed period and you will not be required to be engaged for a fixed period.


3.10


 Will you be required to be engaged for a fixed period or will you be engaged for a fixed period?

 Answer: No

The client will only engage you for a fixed period and you will not be required to be engaged for a fixed period. The client will only engage you for a fixed period and you will not be required to be engaged for a fixed period.


3.11


 Will you be required to be engaged for a fixed period or will you be engaged for a fixed period?

 Answer: No

The client will only engage you for a fixed period and you will not be required to be engaged for a fixed period. The client will only engage you for a fixed period and you will not be required to be engaged for a fixed period.

3.12

 **Intermediary services in practice**

 **Intermediary**

Intermediary

Intermediary services are provided to a client by an intermediary who is not a director or shareholder of the client. The intermediary is responsible for ensuring that the client is compliant with IR35. The intermediary is also responsible for ensuring that the client is aware of their IR35 status and the implications of being in the 'catch 22' position.

SAMPLE

Control - Where

If there is no significant reason for you to deliver the services at a specific place and yet the client demands that you do so, then it can be an indicator of being controlled. Similarly, if the client has the right to move you from location to location then this also demonstrates control. 'Where' is not as important as 'How' and 'What' but can be decisive if control over 'When' is also strongly present.

3.13

-  Do you have the right to deliver the services at a specific place or places?
-  No



3.13.1

-  Do you have the right to deliver the services at a specific place or places?
-  Yes


3.13.1.1

-  Do you have the right to deliver the services at a specific place or places?
-  No



3.13.1.2

-  Do you have the right to deliver the services at a specific place or places?
-  Yes

3.13.1.2.1

-  Do you have the right to deliver the services at a specific place or places?
-  No









3.14

-  Do you have the right to deliver the services at a specific place or places?
-  Yes

Mutuality of obligation (MOO)

Mutuality of Obligation, or 'MOO', is one of the three main tests used to determine IR35 status. There are several elements to MOO. If the client offers you some work, are you obliged to take the work on? Is the client obliged to offer you some work throughout the contract period? If there is a notice period, is the client obliged to find something for you to do during the notice period?

The ideal situation is a contract that can be terminated without notice, and one whereby you are only paid for work done.

- 4.1**  **Does the contract specify that you must accept any work offered by the client during the contract period?**
-  **Answer: No**
- The contract should specify that you are not obliged to accept any work offered by the client during the contract period.
-
- 4.2**  **Does the contract specify that the client must offer you work throughout the contract period?**
-  **Answer: No**
- The contract should specify that the client is not obliged to offer you work throughout the contract period.
-
- 4.3**  **Does the contract specify that the client must find you work during any notice period?**
-  **Answer: No**
- The contract should specify that the client is not obliged to find you work during any notice period.
-
- 4.4**  **Does the contract specify that you must work for the client throughout the contract period?**
-  **Answer: No**

4.5  **Identifying the contractor's contractual status in the past 12 months with the client/agency**
 **Contract No.**
The contractor must identify all contracts in the past 12 months with the client/agency, including those that have been terminated, and provide a copy of the contract to the client/agency. The contractor must also provide a copy of the contract to the client/agency if the contract is terminated within 12 months of the end of the contract.

4.6  **Identifying the contractor's contractual status in the past 12 months with the client/agency**
 **Contract No.**

4.7  **Identifying the contractor's contractual status in the past 12 months with the client/agency**
 **Contract No.**
The contractor must identify all contracts in the past 12 months with the client/agency, including those that have been terminated, and provide a copy of the contract to the client/agency. The contractor must also provide a copy of the contract to the client/agency if the contract is terminated within 12 months of the end of the contract.

4.8  **Identifying the contractor's contractual status in the past 12 months with the client/agency**
 **Contract No.**
The contractor must identify all contracts in the past 12 months with the client/agency, including those that have been terminated, and provide a copy of the contract to the client/agency. The contractor must also provide a copy of the contract to the client/agency if the contract is terminated within 12 months of the end of the contract.


4.9  **Identifying the contractor's contractual status in the past 12 months with the client/agency**
 **Contract No.**



Financial risk

Being subject to financial risk is an indicator of being in business and is a secondary factor considered in IR35 cases. Employees do not normally face personal financial risk if they make mistakes in their work. If you provide services based on a fixed price, then this exposes you to more risk compared to being paid an hourly or daily rate. Similarly, if you are obliged to fix any errors in your work without charging further fees then this also indicates a degree of financial risk.

5.1

5.2

5.3




5.4

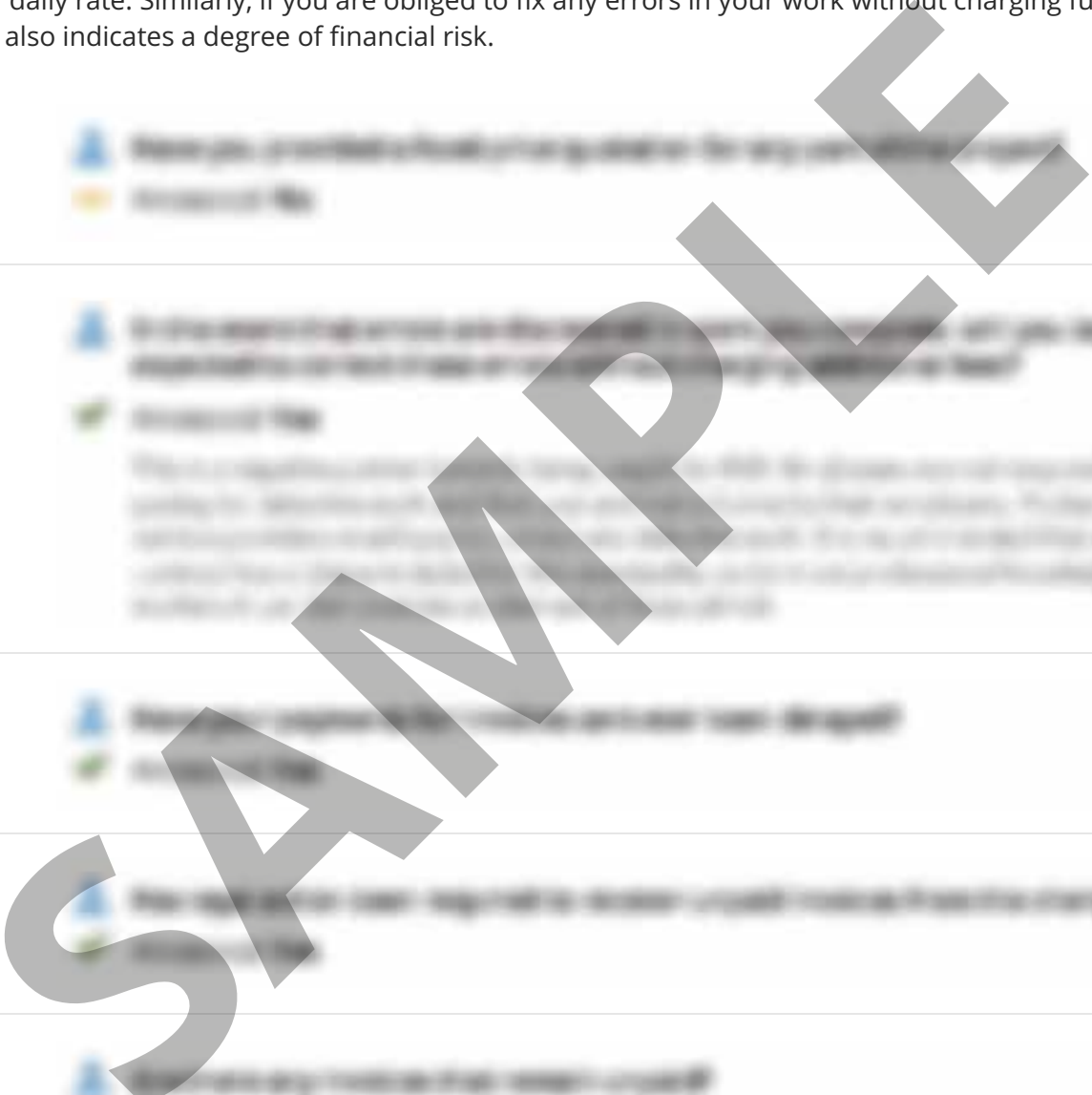
  

5.5



  

5.6



5.7  **Identify the correct IR35 status based on the facts of the engagement**
 **Assess the risk**
 Engage contractors who are not employees or who are employees who are not in the IR35 catchment

5.8  **Identify the correct IR35 status based on the facts of the engagement**
 **Assess the risk**



5.9  **Identify the correct IR35 status based on the facts of the engagement**
 **Assess the risk**

SAMPLE

Part and parcel

Being 'part and parcel' is a secondary factor considered in IR35 cases. Employees tend to become part of the company furniture, as indicated by a number of factors. It's important for contract based professionals to adopt a client-supplier approach and avoid becoming integrated into their client's business to the extent that they are indistinguishable from the client's employees.

6.1

-  Will you be working on the premises of the client's business?
-  Answered No



6.2

-  Will you be working on the premises of the client's business?
-  Answered No

6.3

-  Will you be working on the premises of the client's business?
-  Answered No



6.4

-  Will you be working on the premises of the client's business?
-  Answered No

6.5

-  Will you be working on the premises of the client's business?
-  Answered Not Sure

6.6

-  Will you be working on the premises of the client's business?
-  Answered No

6.7 Will you have a written policy on the use of contractors that includes the following:
- Written policy on the use of contractors
- Written policy on the use of contractors

6.8 Will you have a written policy on the use of contractors that includes the following:
- Written policy on the use of contractors
- Written policy on the use of contractors

6.9 Will you have a written policy on the use of contractors that includes the following:
- Written policy on the use of contractors
- Written policy on the use of contractors

6.10 Will you have a written policy on the use of contractors that includes the following:
- Written policy on the use of contractors
- Written policy on the use of contractors




6.11 Will you have a written policy on the use of contractors that includes the following:
- Written policy on the use of contractors
- Written policy on the use of contractors

6.12 Will you have a written policy on the use of contractors that includes the following:
- Written policy on the use of contractors
- Written policy on the use of contractors



In Business on own account

Being able to show that you are genuinely in business is a secondary factor considered in IR35 cases. If you have multiple concurrent clients, a website, business cards and so on then you are clearly running your own business. On the other hand, if you have had only one client for many years, and contractually you aren't allowed to take on further clients whilst working for the existing client then it would be much harder to convince a tax inspector that you are a genuine business.

7.1   

7.2.1   

7.2.2   

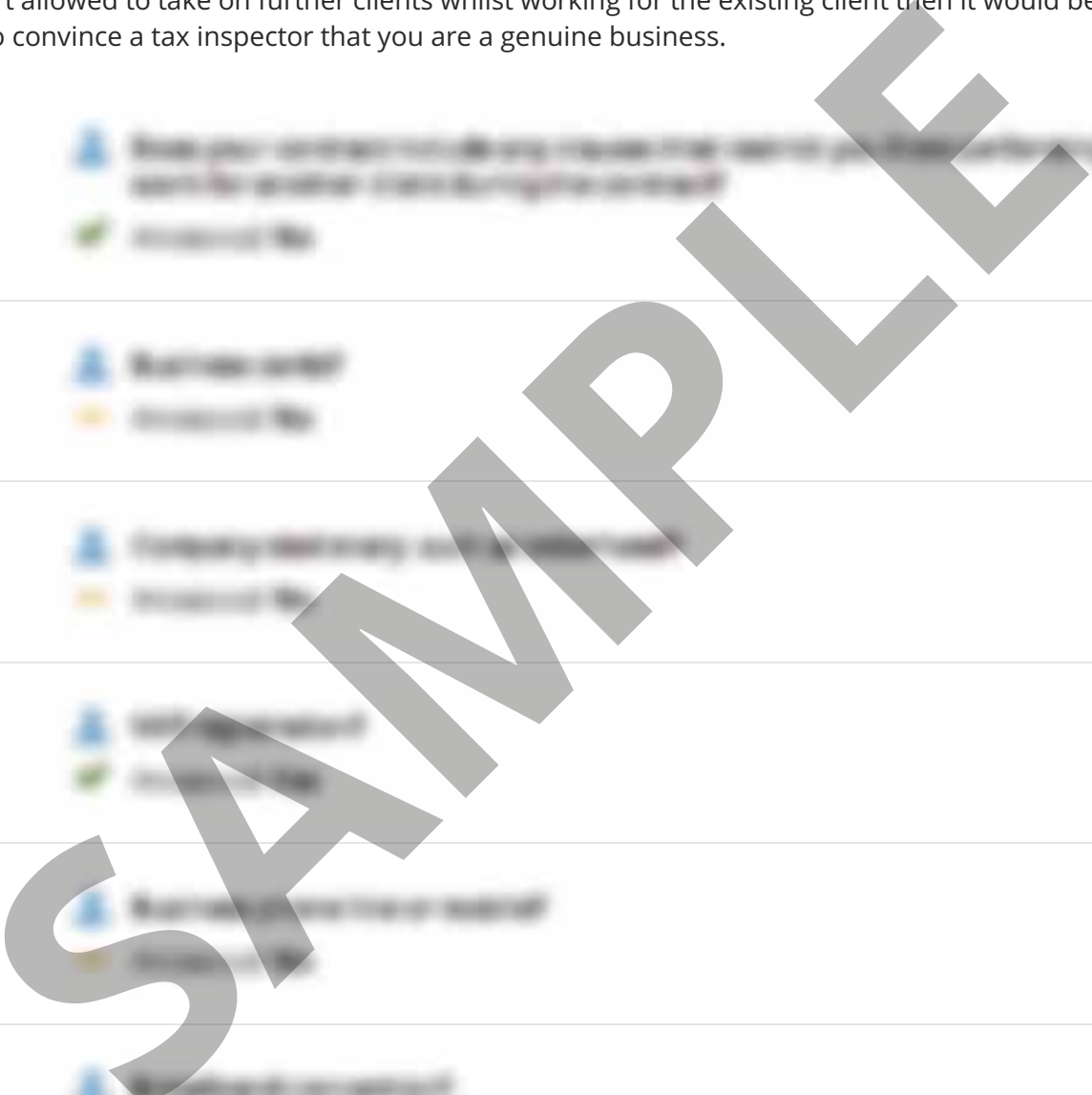
7.2.3   

7.2.4   

7.2.5   

7.2.6   

7.2.7   



7.2.8

-  Employer/contractor
-  Contract No.

7.2.9

-  Employer/contractor
-  Contract No.

7.2.10

-  Employer/contractor
-  Contract No.



7.2.11

-  Employer/contractor or other user of the contract
-  Contract No.

7.2.12

-  Employer/contractor or other user of the contract
-  Contract No.

7.3

-  Employer/contractor or other user of the contract
-  Contract No.



7.4

-  Employer/contractor or other user of the contract
-  Contract No.

7.5

-  Employer/contractor or other user of the contract
-  Contract No.




7.6

-  Employer/contractor or other user of the contract
-  Contract No.

7.7

-  Employer/contractor or other user of the contract
-  Contract No.

7.8

7.9

7.10

7.11





  

SAMPLE

Equipment

Providing your own equipment is a secondary factor considered in IR35 cases. Employees are not normally expected to provide any of their own equipment at all. However, genuine businesses are. But the equipment needs to be significant and costly to provide a strong indicator towards being outside IR35.

8.1

-  
-  

8.2

-  
-  

8.3



-  
-  

SAMPLE

Intention of parties

When forming a contract, the original intention of the parties can be a factor when deciding IR35 cases that are borderline. Whilst being a minor factor, it is still important to include a clause in your contract stating both parties' intentions.

9.1

-  **Key point** - Intention of parties is a factor when deciding IR35 cases that are borderline. Whilst being a minor factor, it is still important to include a clause in your contract stating both parties' intentions.
-  **Remember this**
This contract is made by both parties with equal intent. Both parties intend to form a contract and both parties intend to be bound by the terms of the contract.

SAMPLE

Engager sign-off (option)

The engager confirms that:

- John Doe Ltd is or may be under contract with Best Co Agency Limited between 01 March 2020 and 31 March 2020
- The answers given to the questions are, in our opinion, correct and reflect the working practices.

Signature Print name

Position

ENGAGER SIGN-OFF SHEET

This is an Engager sign-off sheet.

The exact contents will depend on whether your contract is in the public or private sector.

This can be signed by your client and is a confirmation of your arrangement. This can further strengthen your defence in the event of an IR35 investigation.

SAMPLE

IR35 Shield Limited - Company Number 11167162

This Status Determination Statement is provided in accordance with the Terms and Conditions on <https://www.ir35shield.co.uk/terms>

END OF STATEMENT