

Limited Company Contractors: Think twice are you safe?

John Bessell an independent contractor working through limited company Dragonfly Ltd has lost its case in high court. He would need to shed extra £99,000 in taxes. He used his own equipment, paid for his own training and presented himself as an independent contractor. His contract gave him right of substitution, and intention as per the contract was never to create a relationship of employment. There was no direct control over the work.

What went wrong? Why he was still classed as a deemed employee and therefore an additional liability of £99k?

Just a clause in the contract for substitution and control is not enough. It should be genuine. It should be actual. So if you are working under the supervision and control and direction and there is little independence then you might be under the radar of IR35.

IR can go the extent of taking interview of your teammates to find out the real working conditions. Right of substitution to be unconditional or else it may not protect you.

If you think that your contract might fall within IR35 then don't delay and send us your contract for independent opinion to take further advice. We will be happy to review your contract free of charge and give you further advice.

