

Off Payroll Working - New HMRC Guidance for April 2021

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The Government has confirmed that, from 6 April 2021, the scope of the Off-Payroll Working Rules (IR35) will be expanded to cover medium and large private sector organisations, employment agencies and third parties within the labour supply chain.

Last week, HMRC published a fresh [policy paper](#). HMRC makes clear the active position it will be taking in supporting organisations in:

- complying with their obligations under IR35;
- monitoring compliance; and
- taking action against organisations that have willfully failed to discharge their obligations under the new rules.

HMRC understands that mistakes will be made when undertaking these processes for the first time and will provide support to help organisations to identify and correct them. However, organisations must make meaningful good-faith efforts to discharge these obligations, as HMRC will not be as supportive or forgiving of those that have deliberately failed to comply with the rules (whether through action or inaction). As such, if they have not done so already, all relevant organisations should be taking positive steps towards IR35 compliance as early as possible. These steps include the following:

- Auditing contingent workforce and reviewing labour supply chains. Who are your contractors and how are they engaged (e.g., directly, through personal service company or umbrella)?
- Assessing the impact of the new regime, identifying their responsibilities in relation to existing contractor relationships and carrying out employment status determination statements (SDSs) where needed. Do engagements need terminating, or renegotiating? Do working practices and arrangements need to change?

- Implementing compliance processes going forward.

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National Law Review, Volume XI, Number 54

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