



NAME

Phone 03000

Web www.gov.uk

Date

Ref:

Dear

Applying the off-payroll working rules – effective from 6 April 2021

HMRC is responsible for supporting organisations to correctly apply the off-payroll working rules. I'm an officer of HMRC's specialist off-payroll working team, and I would like to work with you to confirm that your organisation is:

- applying the off-payroll working rules correctly
- operating PAYE where applicable

I'm opening a compliance check to allow me to do this. However, I want to reassure you that I'll work with you and support you where needed throughout the check.

The approach I'll be taking is set out in our briefing 'Supporting organisations to comply with changes to the off-payroll working rules (IR35)'. This also includes a summary of the off-payroll working rules and links to relevant guidance. Details on where to find the briefing are in the 'More Information' section of this letter.

About my check

I'd like to talk about the systems and processes your organisation uses to apply the off-payroll working rules. This is for the [[current tax year](#)] or [[tax year ended 5 April xxxx](#)].

Initially, I'd like to understand your organisation's:

- hiring process for contractors who work through their own intermediary, such as a Personal Service Company (PSC) - this could be either directly or using an agency or other labour provider
- process for deciding the employment status of these workers
- process for deciding if any services you outsource are fully contracted out

If at any point you realise you have made a mistake in applying the rules, please let me know straightaway. I can work with you to put it right.

What you need to do now

Please call me on [the number at the top of this letter] or [phone number the customer should contact us on] by dd mm yyyy. I'll give you more details about the check and find out who would be best for me to talk to in your organisation. I'll also explain the contents of the enclosed schedule of information. You do not need to have this with you when you call. However, it may help.

Or you can email me to arrange a suitable time for me to call you. Please use the email address [at the top of this letter] or [user insert email address for the customer to contact us on]

If you'd prefer not to talk to me about this on the phone, please let me know before [dd mm yyyy]. You can tell me this in writing or by sending me an email. My address is at the top of this letter.

If we do not get to speak on the phone, I'll write to ask for the information I need to complete the check.

What happens next

If I decide your systems and processes are suitable, it's likely I'll close the check and take no further action. This is because the risk of you not correctly applying the rules is low.

If something is wrong, I'll work with you to correct it or tell you how you can do this yourself. I may need to ask you for more information to do this. I may also offer help and guidance to improve your organisation's systems and processes. If I am confident in your understanding and ability to make the necessary changes, I may decide to close the check and agree to contact you at a later date. At which time we'll talk about the changes you've made to apply the rules correctly.

However, I may ask for more detailed information and evidence before making a final decision if;

- I have concerns about the way you have applied the rules
- you do not work with me to strengthen your organisation's processes or correct anything that is wrong

If something is wrong, it may mean you have not paid the right amount of tax, National Insurance contributions (NICs) or Apprenticeship Levy. You may need to pay us, or we may owe you money.

If you pay any tax or NICs late, you'll need to pay interest. We also pay interest on amounts we pay back to you.

If there's more tax to pay because something is wrong, we may charge penalties. If you tell me straightaway and work with me to correct this, I may be able to reduce any penalties due.

However, you will not have to pay penalties for mistakes made during the tax year [2017/18 or 2021/22] relating to the off-payroll working rules, unless there's evidence of deliberate non-compliance. It does not matter when the mistakes are found.

More information

I enclose:

- the schedule of information
- factsheet CC/FS1a 'About compliance checks'

- factsheet CC/FS22 'sending us electronic records'
- information sheet DSC1 'Corresponding with HMRC by email' tells you how to contact and send me information by email.

You can find the briefing 'Supporting organisations to comply with changes to the off-payroll working rules (IR35)', on www.gov.uk by searching for 'HMRC issue briefing IR35'.

To watch our videos which tell you more about how compliance checks work, go to www.gov.uk and search for 'HMRC compliance checks: help and support'.

If Coronavirus (COVID-19) is affecting you or your business, you can find out online about the support that's available. Go to www.gov.uk and search for 'Coronavirus guidance and support'.

To find out what service and standard of behaviour you can expect from us, go to www.gov.uk and search for 'HMRC Charter'.

I may also use 'open source material' as part of my check. This is internet data which is available to anyone, such as news reports, internet sites, Companies House and Land Registry records, blogs and social networking sites (where no privacy settings have been applied). HMRC may observe, monitor, record and retain 'open source material.'

How to contact us

If you have any questions or need to contact me about this letter, please use the contact details shown above. Please also give the reference number [xxxxxxxxxxxxxx](#)

Dealing with a tax agent

I've sent a copy of this letter to your adviser/advisers, [\[user to enter name of adviser\(s\)\]](#).

OR

If you have an adviser acting on your behalf, you may wish to show them this letter.

Yours

NAME
JOB TITLE