



HMRC's compliance approach to the 2020 reform of the off-payroll working rules

HMRC are delivering a comprehensive programme of education and support to help customers prepare for the off-payroll working reforms. HMRC are committed to continuing to take a supportive approach to help customers apply the new rules.

HMRC has already committed to not using information resulting from the changes to the rules to open a new compliance check into Personal Service Companies for tax years prior to 6 April 2020, unless there is reason to suspect fraud or criminal behaviour. This should provide reassurance to individuals that any change in status as a result of the reform will not lead to HMRC opening a historic enquiry. The commitment is also reflected in the recently updated Employment Status Manual published on 7 February 2020.

HMRC will ensure that customers trying to comply with the off-payroll working rules are not disadvantaged by those who are not. HMRC will focus on and address the most significant risks around non-compliance. HMRC will always follow up on suspected non-compliance if there is a sign of potential criminal activity.

HMRC will raise awareness of the risks of using avoidance schemes and arrangements with individuals, end-clients, employment agencies and intermediaries. A self-help guide has been published for contractors and agency workers on how to avoid entering into non-compliant arrangements.

2020-21 tax year

To deliver this supportive approach in 2020-21 specifically, HMRC will:

- Take a light touch approach to penalties. Customers will not have to pay penalties for inaccuracies relating to the off-payroll working rules in the first 12 months unless there is evidence of deliberate non-compliance.
- Continue to operate a dedicated project team to deliver education on the off-payroll working rules and support customers applying them through:
 - one-to-one education discussions with the largest businesses and agencies,
 - webinars designed to provide all affected businesses with further support,
 - working with specific sectors to identify any particular areas of difficulty and then further target and focus support,
 - checking that the education and support is effective: ensuring that the off-payroll working rules are understood and that customers are taking necessary steps to implement them. Where errors are identified HMRC will help customers to correct them, to pay the tax and National Insurance Contributions that are due and to ensure status determinations are correct going forwards.