

Important Information for Current & Future UWE Bristol Suppliers

Changes to IR35 Tax Legislation & Procurement

From 6 April 2017 the Government introduced tax changes resulting in increased responsibilities on public sector organisations who provide their services through intermediaries such as a Personal Service Company (PSC). The legislation aims to ensure that individuals who work through their own company pay employment taxes in a similar way to employees, where they would be employed by the public sector organisation were it not for the PSC or other intermediary that they work through.

A PSC is a limited company that typically has a small number of individual shareholders owning 5% or more of the company including the contractor. The contractor's PSC generally supplies professional services to end user clients, either directly or via an agency. The professional services are delivered by the contractor who is also an owner of the business. This could also be a partnership, managed service company, or an individual.

Where the University (or one of its subsidiaries) engages a contractor through a PSC, the University (or its subsidiary) will be responsible for assessing whether the off-payroll rules (often known as IR35) apply. If they do, the University will be liable and responsible for operating payroll and paying the correct taxes to HMRC. This means the supplier will have to agree to be paid through our payroll system with the payment being subject to deductions for PAYE, National Insurance Contributions (including employer) and an apprenticeship levy.

To see if the IR35 legislation applies to your company you can check the [HMRC website](#). You can also carry out a self-assessment using the [HMRC tool](#) on their website.

The University is responsible for ensuring that suppliers who are in the realm of IR35 legislation are paying the correct amount of tax. Failure to comply with the new legislation could lead to substantial financial penalties for the University. It is therefore important that we confirm supplier payment information before you can start working for us.

On 6 April 2021 how the off-payroll working rules are applied will change. From this date, in addition to all public authorities, medium and large-sized private sector clients will be responsible for deciding the employment status of workers (sometimes known as contractors). The private sector includes third sector organisations, such as some charities.

<https://www.gov.uk/guidance/april-2020-changes-to-off-payroll-working-for-clients>