



HOUSE OF COMMONS
LONDON SW1A 0AA

16th January 2020

Dear Mr Javid,

I write to you as I am deeply concerned about the proposed changes to tax rules for contractors and self-employed people across my Winchester & Chandler's Ford constituency.

As a former small businessman myself, I have studied carefully the thoughts of the very many constituents who have spoken to me about this, not only on doorsteps over the General Election, but in conversations over email and the telephone.

As I type, time is fast running out to stop the proposed reforms to IR35, which will come into effect in April, and will in the words of one constituent of mine determine whether his business survives.

There is a very noticeable entrepreneurial streak in my constituency, and I have seen this for myself in a near-decade as the MP. I have witnessed a growing number of the self-employed who contract out their talents and services, and I cannot exaggerate the strength of feeling here.

A constituent wrote to me over the Christmas period and summed up the situation well. He told me that up until the proposed legislation change, contractors have been able to determine their own IR35 status with end clients, with the contractor being liable in the event of a mis-determination in status. However, the new legislation sees the end client being responsible for the determination of a contractor's IR35 status, meaning they are also liable to be fined in the event of a mis-determination of status.

This proposed legislation change has left a number of very high-profile businesses feeling, I would add quite understandably, that using contractors via limited companies is now of high risk.

The financial impact of this is significant. My constituent, operating as a contractor via an umbrella company (also known as PAYE), sees himself being taxed in the same way as a permanent employee, but without any employee benefits such as job security, pension contributions, holiday pay, sick pay, car allowances, etc.

Another constituent echoed the point, and told me that many organisations have already taken a blanket approach and are no longer awarding contracts to freelance workers. This time, his contract which would normally be awarded for 6 months has been constrained to 5 months, to be terminated in beginning of April.

This shows that even the very prospect of these changes coming in to force in April is already having real implications for many people who are running small companies.

Steve Brine MP

Winchester & Chandler's Ford

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He goes on to tell me that almost all of his fellow contractors are staggered at the fact that although they are contributing more tax by way of Corporation Tax, VAT, Dividend Tax than they would otherwise contribute by way to PAYE and NI contributions, they are being penalised by IR35 changes.

I am aware that you spoke to Radio 4's MoneyBox recently where you promised you would review the proposed changes, with a particular look at IR35. I urge you to do so swiftly, but on a final point, a constituent has told me that the review cannot possibly be anything like as thorough as it needs to be given that only six weeks has been put aside to undertake it. He is also concerned as he believes that the review will only look at how the government can best smooth the roll out of the reforms rather than take a look at the actual substance of the reforms themselves, and their impact on businesses and the self-employed affected, so I would appreciate urgent clarification on that point.

As ever,

Steve Brine MP