

ECONOMIC AFFAIRS COMMITTEE

FINANCE BILL SUB-COMMITTEE

CALL FOR WRITTEN EVIDENCE

The Finance Bill Sub-Committee, chaired by Lord Forsyth of Drumlean, is appointed annually by the Economic Affairs Committee to consider the draft Finance Bill. The Sub-Committee focuses on issues of tax administration, clarification and simplification rather than on rates or incidence of tax.

The draft Finance Bill was published on 9 July 2019, in order that final measures could be confirmed at the time of the expected autumn 2019 Budget, which was then postponed. The Finance Bill is now due to be published shortly after this year's Budget, on 11 March 2020.

The Government recently confirmed that the Finance Bill will include provisions to extend the off-payroll working rules to large and medium-sized businesses in the private sector. The Sub-Committee is inquiring into these proposed provisions.

Under the provisions, organisations which engage a sub-contractor will be required to determine the employment status of that sub-contractor for tax purposes, deduct tax and national insurance contributions (NICs) from payments to any sub-contractors deemed to be employees, and pay employers' NICs.

The Sub-Committee invites interested individuals and organisations to submit written evidence to this inquiry.

Written submissions are requested by 25 February 2020. After it has concluded its inquiry the Sub-Committee will make recommendations in a report to the House of Lords.

Areas of interest

The Sub-Committee welcomes views on any of the following questions relating to the proposed extension of the off-payroll working rules to the private sector. The Sub-Committee is interested to know about the real-life experiences of individuals and organisations, as well as more general responses—for example, relating to the impact of these (and predecessor) measures on the tax classification of workers and the broader impact on the labour market.

Existing measures in the public sector

1. What has been the experience of the new off-payroll rules in the public sector? What lessons have been learned from this experience, and how have they affected the draft Finance Bill proposals?

Impact of new off-payroll rules on organisations

2. Has the impact of the extension of the off-payroll rules to the private sector been adequately assessed? In particular, is the assessment that has been made of the compliance burden (including costs) of these new rules realistic? Has the right balance been struck in the compliance burden on the taxpayer and on HMRC?
3. Is the exclusion of small organisations sufficiently robust, and how might small organisations gain sufficient assurances that they fall within the exclusion?
4. What will be the effect of these new measures on a chain of contractors and sub-contractors?
5. What scope might there be for simplifying or otherwise reducing the administrative burden of these measures? What should HMRC do to help businesses understand the new administrative rules?

Determining tax status of workers

6. Are the tests for determining employment for the purposes of these rules sufficiently clear to both engager and worker? Do they reflect the reality of the contracting environment?
7. What is your assessment of the Check Employment Status for Tax (CEST) tool? Does it require improvement? If so, how might it be improved?
8. How effective will the status determination process be in resolving issues of employment status? Are there adequate safeguards, allowing decisions to be challenged? If not, what more is needed?

Policy objectives and wider context

9. Are there better or simpler ways in which the objective of the new rules might be achieved? If so, what are they?
10. Will the Bill, as drafted, achieve the Government's objectives?
11. What is your view of the role of umbrella companies in the context of these proposals?
12. How do the new measures relate to the wider context of changes in working arrangements, including the "gig economy"? Is it fair that some individuals are taxed as if they are employees, but do not have the rights of employees?

Guidance for submissions

Written evidence should be submitted online using the written submission form available at <http://www.parliament.uk/business/committees/committees-a-z/lords-select/economic-affairs-finance-bill-sub-committee/written-submission-form>. If you have difficulty submitting evidence online, please contact the Committee staff by email at FINANCEBILL@parliament.uk or by telephoning 020 7219 6154.

The deadline for written evidence is **25 February 2020**.

Submissions should be short, concise, and of no more than six pages. Submissions of between four and six pages should include a one-page summary. Paragraphs should be numbered. Submissions should be dated, and should state clearly whether the submission is made in a personal capacity or on behalf of an organisation.

Where possible, comments on particular parts of the draft Bill should specify which clause they refer to.

All submissions made through the written submission form will be acknowledged automatically by email. You do not have to address every question in our call for evidence. Submissions which have been published previously will not be accepted as evidence.

Submissions become the property of the Committee, which will decide whether to accept them as evidence. Evidence may be published by the Committee at any stage; when it is so published it becomes subject to parliamentary copyright and is protected by parliamentary privilege.

You will be contacted again to confirm whether your submission has been accepted as evidence; at this point you may publicise or publish your evidence yourself. In doing so you must indicate that it was prepared for the Sub-Committee, and you should be aware that your publication or re-publication of your evidence may not be protected by parliamentary privilege.

You should be careful not to comment on individual cases currently before a court of law. If you anticipate such issues arising, you should discuss with the Clerk of the Sub-Committee how this might affect your submission.

Personal contact details will be removed from evidence before publication but will be retained by the House of Lords Committee Office and used for specific purposes relating to the Sub-Committee's work, for instance to seek additional information.

Persons who submit written evidence, and others, may be invited to give oral evidence. Oral evidence is usually given in public at Westminster and broadcast online; transcripts are also taken and published online. Persons invited to give oral evidence will be notified of the procedure to be followed and the topics likely to be discussed.

Substantive communications to the Sub-Committee about the inquiry should be addressed to the Clerk of the Sub-Committee, whether or not they are intended to constitute formal evidence to the Sub-Committee.

This is a public call for evidence. Please bring it to the attention of other groups and individuals who may not have received a copy directly.

Diversity comes in many forms, and hearing a range of different perspectives means that Select Committees are better informed and can scrutinise public policy and legislation more effectively. Committees can undertake their role most effectively when they hear from a wide range of individuals, sectors or groups in society affected by a particular policy or piece of legislation. The Sub-Committee encourages anyone with experience or expertise of this issue to share their views, in the full knowledge that their views have value and are welcome.

You may follow the progress of the inquiry at <https://www.parliament.uk/business/committees/committees-a-z/lords-select/economic-affairs-finance-bill-sub-committee/>.