

United Kingdom Independent Consultant Compliance Guide

In the UK, an independent consultant (IC), also known as an independent contractor, freelancer or a self-employed individual, manage their own work without supervision from a company. They are not entitled to any benefits and take full responsibility for the success or failure of their business projects.

Determining whether someone is an IC or not involves understanding their relationship with the client. There are several factors that are reviewed in determining whether the relationship is that of a worker or IC, including which party maintains control over the project, who needs to perform the work, and whether there is a financial risk involved for the potential IC.

1. **Control:** If a company dictates how, when, and where the work is being performed and has considerable influence over these factors, the individual is more likely to be considered a worker than an independent consultant.
2. **Substitution:** If a person has the flexibility to appoint a substitute if they are unavailable, they are likely to be considered an Independent Consultant. However, they are expected to perform the work personally, this could suggest an employment relationship.
3. **Expectation of Continued Work:** A worker has an expectation of continuous work and payment. Independent consultants work on a project-by-project basis with no expectation of future work beyond the current contract.
4. **Financial Risk:** Independent consultants invest in their own tools, incur business expenses, and have the risk of not getting paid if the work is not completed satisfactorily. Workers do not have these financial risks.
5. **Contractual Terms:** Contracts should clearly outline the nature of the relationship, but the actual working practices are also important. Even if a contract is described as a consultancy agreement, the actual working conditions are assessed to determine the true nature of the relationship.
6. **Integration:** If an individual is integrated into the organization, such as using the equipment provided by the company or working alongside direct staff of the company, they are more likely to be considered a worker. Independent consultants work more independently and are not integrated into the company's day-to-day operations.

These factors assist companies in determining whether an individual is a worker or an IC, and ensure proper classification

Website info: <https://www.michaelpage.co.uk/advice/management-advice/ir35-guide-contractors-and-employers/being-inside-or-outside-ir35#:~:text=HMRC%20will%20look%20at%20each,be%20deemed%20as%20inside%20IR35.>