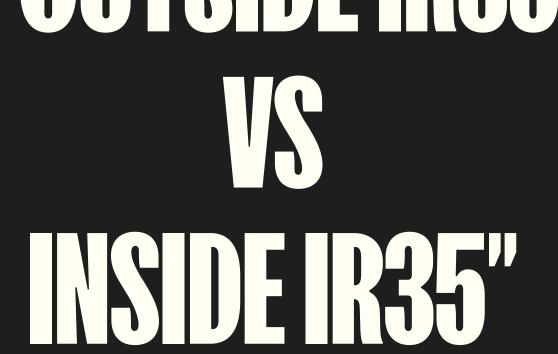


£450 Contractor Day Rate

"OUTSIDE IR35



ADDB

How do the IR35 changes affect a Contractor's Net Pay?

Since April 2021, medium and large businesses have become responsible for determining IR35 status. If a Contractor is using an umbrella company or is PAYE, they will not have noticed any difference. If they are using a limited company and operating "Outside IR35" they are paid gross, whereas an "Inside IR35" role will be paid net.

The exact difference will vary, depending on individual circumstances. Below is a rough comparison on net pay and permanent salary equivalents.



"OUTSIDE IR35"

£450 Contractor Day Rate "Outside IR35" = £5,597 p/month

Permanent Salary Equivalent = £100,000 p/year

Difference in Contractor Net Pay £959 p/month

Difference to Permanent Salary Equivalent £19,000 p/year

"Inside IR35" Contractor Day Rate to achieve the same income as £450 "Outside IR35" = £360 p/day.

"INSIDE IR35"

£450 Contractor Day Rate "Inside IR35" Day Rate = £4,637p/month

Permanent Salary Equivalent = £81,000 p/year

Percentage increase to make "Inside IR35" Contractor Day Rate equivalent to "Outside IR35" Contractor Day Rate = 25% Assumptions: 44 Week Year – Not via an Umbrella Company – 2021/2022 Tax Year



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