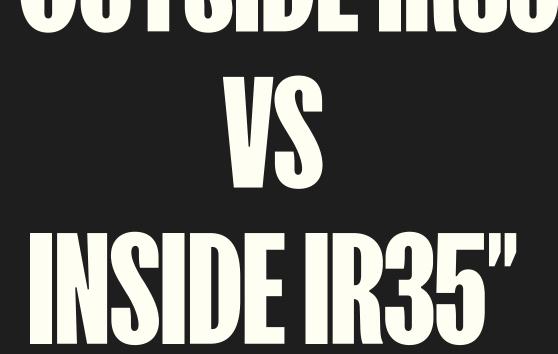


#### £500 Contractor Day Rate

# **"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"**

**£500 Contractor Day Rate** "Outside IR35" = £6,099 p/month

**Permanent Salary Equivalent** = £117,000 p/year

**Difference in Contractor Net Pay** £1,018p/month

**Difference to Permanent Salary Equivalent** £27,000 p/year

"Inside IR35" Contractor Day Rate to achieve the same income as £500 "Outside IR35" = £649 p/day.

## "INSIDE IR35"

**£500 Contractor Day Rate** "Inside IR35" Day Rate = £5,081p/month

Permanent Salary Equivalent = £90,000 p/year

Percentage increase to make "Inside IR35" Contractor Day Rate equivalent to "Outside IR35" Contractor Day Rate = 29% Assumptions: 44 Week Year – Not via an Umbrella Company – 2021/2022 Tax Year



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