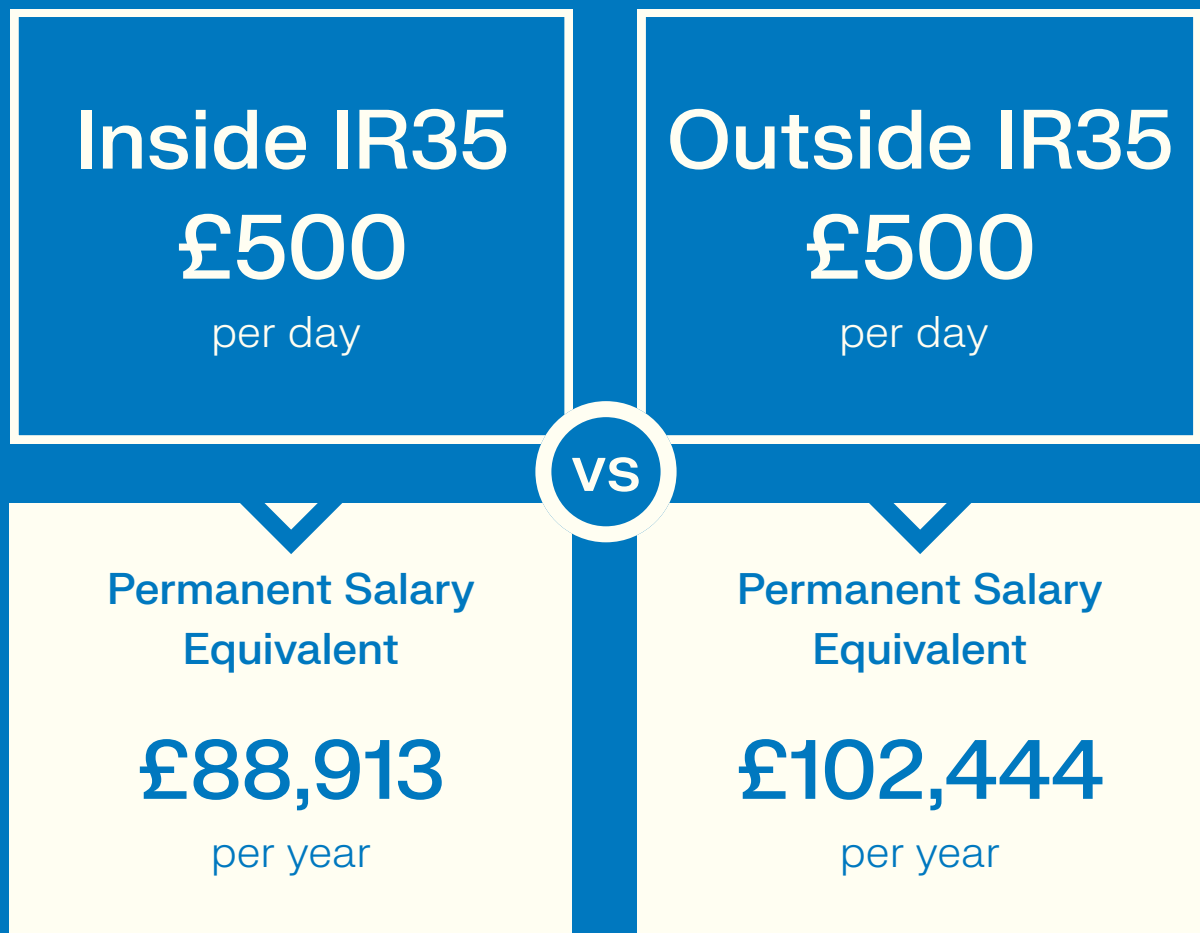


INSIDE VS OUTSIDE IR35

£500 Day Rate Comparison

You need to earn £575 per day “Inside IR35” to match the net income of £500 per day “Outside IR35”.



HOW DOES IR35 AFFECT A CONTRACTOR'S TAKE-HOME PAY?

Since April 2021, medium and large businesses (and all public sector bodies) have been responsible for deciding whether your contract is Inside or Outside IR35.

If you're Inside IR35:

- You're treated like an employee for tax purposes.
- Your pay is taxed at source. Income Tax and National Insurance are deducted before you get paid.
- You often get paid through an umbrella company or agency payroll.
- Your take-home pay is lower.

If you're Outside IR35:

- You work through your own limited company (also called a PSC).
- You get paid gross and manage your own taxes.
- You can claim allowable business expenses and take income as dividends.
- Your take-home pay is higher.

You will need to charge a higher day rate "Inside IR35" to earn the same net amount as 'Outside IR35'.