Cranleys
CHARTERED ACCOUNTANTS



CRANLEYS' CLEVER CHECKLISTS · No. 24 · BUSINESS TAX

IR35 and Off-Payroll Working Checklist 2026/27

Tick it, print it, pin it up. Every box you cannot tick is a conversation worth having.



By Colin Davison FCA, Managing Partner, Cranleys Chartered Accountants. In practice since 1998. Reviewed 15 November 2026 against the 2026/27 rules.

THE QUICK ANSWER

Since 2021, medium and large clients decide whether a contractor is inside IR35 and must issue a status determination statement with reasons. Small clients still leave it to the worker's company. From 6 April 2026 a client is small if it meets two of three tests: £15m turnover, £7.5m balance sheet and 50 employees.

THE KEY FIGURES

2026/27 figure	Amount
Small client limits	turnover £15m, balance sheet £7.5m, 50 employees (two of three)
Status decision	client for medium and large clients
Dispute response	client has 45 days
Deemed payment	PAYE and NIC, no 5% allowance

The checklist, box by box

	The check	What to do	Keep as evidence
☐	**Was a status determination statement issued with reasons?**	The client must give it, with reasons, and handle disputes within 45 days.	SDS, dispute log
☐	**Are control, substitution and mutuality evidenced?**	Contract terms and real working practices both matter. A substitution right must be genuine.	Contract, emails, work records
☐	**Does the worker carry real financial risk?**	Own equipment, own costs, several clients and no integration into the client's team all point to self-employment.	Invoices, insurance, client list
☐	**Is CEST kept with the evidence?**	CEST gives HMRC's view of the facts you enter. It does not bind HMRC if the facts differ.	CEST result, input record
☐	**Is the deemed payment calculated properly?**	PAYE and NIC on a deemed payment, with no 5% expenses deduction since 2021.	Payroll calculation
☐	**Is the client really small?**	Check the thresholds on the prior year accounts. Group results can change the answer.	Accounts, group structure

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MY PRO TIP

CEST is a hint, not a hall pass.

A worked example

A contractor invoices £100,000 a year. Outside IR35, income comes through the company as salary and dividends. Inside IR35, tax and National Insurance apply to the deemed payment and the fee payer also bears employer National Insurance. The difference is often thousands of pounds a year, so the status decision matters.

The trap to avoid

Relying on CEST alone. HMRC can disagree when the real working practices differ from the contract or the answers entered.

The case that matters

Ready Mixed Concrete v Minister of Pensions [1968] 2 QB 497: the basic test for employment looks at control, personal service, mutuality and the wider picture.

Test your accountant

One question that tells you if you have the right adviser:

What is my IR35 status for each contract, and where is the evidence file for each?

What has changed recently

- Small client limits rose to £15m turnover, £7.5m balance sheet and 50 employees from 6 April 2026.
- Check National Insurance on deemed payments. See the National Insurance checklist.
- Payroll duties follow. See the payroll checklist.

Questions I get asked

What is IR35?

Rules that tax some contractors as if they were employees where the engagement looks like employment.

Who decides IR35 status?

For medium and large clients, the client. For small clients, the contractor's company.

What is a status determination statement?

A written decision on IR35 status that the client must give with reasons.

What are the small client limits from April 2026?

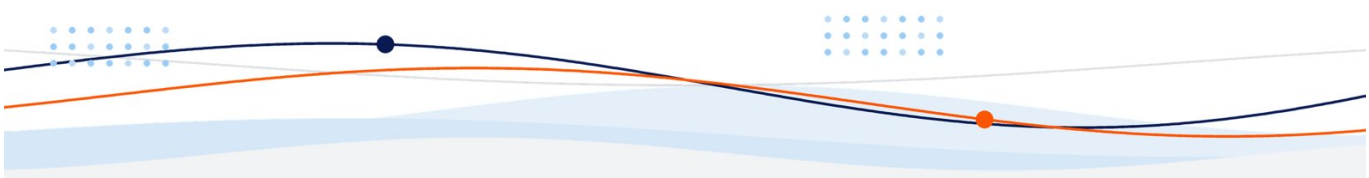
£15m turnover, £7.5m balance sheet and 50 employees, meeting two of the three.

The 9 CAD Keys link: Differentiation

Differentiation means running a real business of your own, with your own risks, clients and equipment, not a job in disguise.

Colin's 9 CAD Keys. CORE: Clarity, Capability, Consistency. ADVANCED: Analysis & Positioning, Alignment, Acceleration. DYNAMIC: Differentiation, Dexterity, Development. Score each key 1 to 5 in the free Business Value Assessment Scorecard, total out of 45. *Freedom is built. One CAD Key at a time.*

Tick these next



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National Insurance Checklist 2026/27

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Employment, Payroll and Benefits Checklist 2026/27

Tax checklist 18
Self-Employment and Partnerships Checklist 2026/27

Go deeper: my books

For this topic, start with **Business Tax Secrets**, part of The Cranleys Business and Tax Secrets Series: Property Tax Secrets, Inheritance Tax Secrets, Business Tax Secrets, Starting Up Secrets, Business Growth Secrets and Business Exit Secrets. The books are launching soon. Join the launch list at cranleys.online/books and I will tell you the moment each one is released.

YOUR NEXT STEP

Ring me. Free draft plan, no hard sell.

I will build you a free draft tax plan or business plan on my 9 CAD Keys: a scorecard, a 12-month cashflow forecast, a 90-day action plan and a review with me. **1** Get in touch. **2** Short intro call. **3** Your free draft plan in plain English. You decide what happens next.

Evidence in the bag, tick the boxes.

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Scan to read online, tick it on screen and take the Scorecard



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