



IR35 ONLINE COMPARATIVE CALCULATOR TOOL

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ELLIS RECRUITMENT GROUP IR35 COMPARATIVE CALCULATOR TOOL

The Ellis Recruitment Group has developed a proprietary online comparative calculator tool that looks at the overall commercial arrangements of an assignment via a temporary worker service (TWS) or an external PAYE provider (referred to throughout as an inside IR35 assignment) and an outside IR35 engagement via a professional services company (PSC), as well as the financial implications for comparative purposes.

The first two calculators compare the specific outputs for both an inside IR35 assignment and an outside IR35 engagement with the ultimate purpose of detailing the financial elements from the various rates (contract value/engagement/assignment) through to taxation and net earnings of both options, with the final output being an effective daily net rate in pounds and a percentage of the assignment/engagement rate that is retained as a net figure, so that one can compare the two options that we recommend for working inside and outside IR35.

If a difference occurs in the effective daily net rate in pounds and a percentage of the assignment/engagement rate that is retained as a net figure between an inside IR35 assignment and outside IR35 engagement, a third calculator takes the effective daily net of an outside IR35 PSC and reverse-engineers the calculations to

show the assignment rate that is needed for an inside IR35 TWS to match the effective daily net of the outside PSC option. This therefore gives a full lifecycle of the options.

The calculator is based on a 12-month contract with relevant holiday days taken into consideration and assumes a tax code of 1250L and is for illustrative purposes only. All data for NI and taxation has been calculated for the current tax year using data and information directly from the HMRC website. We assume opt-out from pension auto-enrolment. Tax calculations are dependent on specific circumstances, therefore individual advice should be sought.

This document is for the public-facing calculators and will be available branded for each of the Ellis Recruitment Group brands. It will be published on each of the brand websites.

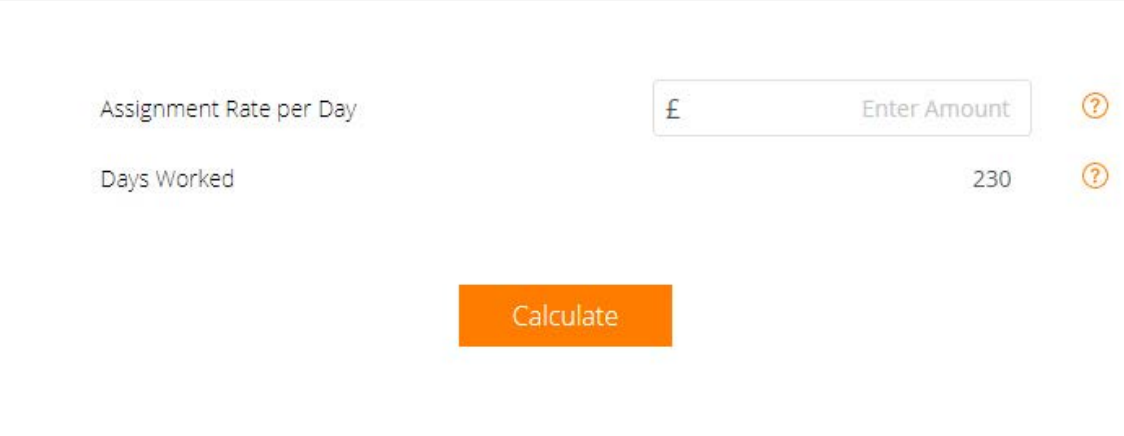
CALCULATOR ONE

Inside IR35 Assignment Input

The first calculator looks at an inside IR35 assignment via our temporary worker service (TWS) offering or via an external PAYE provider.

The input screen allows the contractor to input their desired rate per day e.g., £500.00, and the amount of working days is prepopulated with 230

N.B. We use 230 by taking the 260 Monday to Friday days during a hypothetical annual period and subtracting firstly the average 8 bank holiday days in a year and further deducting 22 days for holiday entitlement.



The screenshot shows a web form with two input fields. The first field is labeled 'Assignment Rate per Day' and contains a text input with a pound symbol (£) and the placeholder text 'Enter Amount'. To the right of this field is a question mark icon. The second field is labeled 'Days Worked' and contains the number '230', also with a question mark icon to its right. Below these fields is a large orange button labeled 'Calculate'.

Inside IR35 Assignment Output

This results in a summary output which calculates a contract value per day and total contract value for the entire period, which is the figure we use to add on our margin in order to provide a charge rate to the client. From this contract value, the fees to administer a TWS or what an external PAYE provider may charge are taken off, as well as showing what we as a TWS provider or an external PAYE provider would have to pay HMRC for employers' NI, based on the assignment rate.

From the assignment rate, a full employee payslip is detailed, taking off employee NI due. This results in an employee net salary amount for the 12-month period.

The last element of this view is an effective daily net — i.e., from the assignment rate, what will be the take home pay? — and it also calculates a net retention percentage of the assignment rate as an effective daily net.

Within the summary and by clicking on the icons, you will see an expanded full and detailed breakdown of all elements is provided

Assignment Rate Per Day	£ 500.00
Days Worked	280
Contract Value (TWS) per Day	£ 567.73
Contract Value (TWS)	£ 130,578.78
TWS/Payroll Provider Fee	-£ 900.00
Employer NI Due	-£ 14,678.78
Assignment Rate/Gross Pay Rate	£ 115,000.00
Employee NI Due	-£ 6,264.16
Employee PAYE Income Tax Due	-£ 36,500.00
Net Salary	£ 72,235.84
Effective Daily Net	£ 314.07
Net Retention %	62.81 %

Assignment Rate/Gross Pay Rate	£ 115,000.00
Personal Allowance to include Adjustment for Assignment Rate/Gross Pay Rate > £100,000	£ 6,000.00
Assignment Rate/Gross Pay Rate Liable to PAYE Income Tax	£ 110,000.00
Assignment Rate/Gross Pay Rate Taxable at BBT	£ 97,500.00
PAYE Income Tax Due at BBT	-£ 7,500.00
Assignment Rate/Gross Pay Rate Taxable at HRT	£ 72,600.00
PAYE Income Tax Due at HRT	-£ 29,000.00
Assignment Rate/Gross Pay Rate Taxable at AST	£ 0.00
PAYE Income Tax Due at AST	-£ 0.00
Total PAYE Income Tax Due	-£ 36,500.00
Net Salary	£ 72,235.84

The next and final output is the expanded full and detailed breakdown of the entire financial elements of the assignment to a granular level of detail e.g., breaking down the employee PAYE income tax based on the varying and applicable HMRC bands.

CALCULATOR TWO

Outside IR35 Engagement Input

The second calculator looks at an outside IR35 engagement via a contractor's limited company, often referred to as a personal services company (PSC).

The input screen prefills the desired rate per day from the previous entry on the first calculator e.g., £500.00 (which can be edited) and the 'Days Worked' field is prepopulated with 230.

N.B. We use 230 by taking the 260 Monday to Friday days during a hypothetical annual period and subtracting firstly the average 8 bank holiday days in a year and further deducting 22 days for holiday entitlement.

We've pre-filled this value based on your previous entry. Click to edit.

Engagement Rate Per Day £ 500.00 ⓘ

Days Worked 230 ⓘ

Overheads

Computer Equipment £ Enter Amount

Professional Indemnity Insurance £ Enter Amount

IR35 Insurance £ Enter Amount

Employee & Public Liability £ Enter Amount

Accounting Fees £ Enter Amount

Enter Other Expenses Description £ Enter Amount ⓘ

Staff Costs

Pension Contribution £ Enter Amount

Contractor Gross Salary £ Enter Amount

Add second employee?
☐ Yes ☒ No

It then enables the input of the PSC's overheads with the facility to add as many overhead fields with specific descriptions as desired, as well staff costs including pension contributions and the addition of additional employee salaries, where appropriate.

Outside IR35 Engagement Output

The result is a summary output starting with the daily rate, which is the figure we use to add on our margin, in order to provide a charge rate to the client and the days worked.

The second element is a headline profit & loss account, which calculates the revenue, then subtracts the overheads and staff costs, thereby finalising earnings before interest and tax (EBIT).

It then details the taxation, i.e., corporation tax, paid on EBIT leaving a net profit after tax. For the purposes of the comparative calculator tool, it assumes 100% distribution of net profit to a single shareholder in the form of dividends and lists the associated dividend tax that is payable.

The next section adds together the retained dividends and PAYE earnings as well as pension contributions, if applicable, to give a total net retained for the period.

The last element of this view is an effective daily net — i.e., from the engagement rate what will be the take home pay? — and it also calculates a net retention percentage of the engagement rate as an effective daily net.

Within the summary and by clicking on the icons you will see an expanded full and detailed breakdown of all elements is provided.

Outside IR35 Engagement via a Personal Services Company (PSC)	
<div>Expand All Collapse All</div>	
Rates & Days	
Daily Engagement Contract Rate	£ 500.00
Days Worked	230
Profit & Loss	
Revenue	£ 115,000.00
Overheads	-£ 16,950.00
Staff Costs	-£ 0.00
EBIT	£ 98,050.00
Taxation	
Corporation Tax	-£ 18,629.50
Net Profit After Tax	£ 79,420.50
Dividend at 100% - Based on Single Shareholder	£ 79,420.50
Personal Tax on Dividend - Based on Single Shareholder	-£ 13,161.66
Retained	
Retained Dividend - Based on Single Shareholder	£ 66,258.84
Employee Net Salary (after PAYE and Employee NI)	£ 0.00

The next and final output is the expanded full and detailed breakdown of the entire financial elements of the engagement to a granular level of detail e.g., breaking down dividend taxes due based on the varying rates of dividend tax, from basic rate to higher through to additional rate, dependant on the key variable of overall individual earnings.

Basic Rate	-£ 3,600.00
Higher Rate	-£ 9,561.66
Additional Rate	-£ 0.00
Total Personal Tax on Dividend - Based on Single Shareholder	-£ 13,161.66
Retained Dividend - Based on Single Shareholder	£ 66,258.84
Employee Net Salary (after PAYE and Employee NI)	£ 0.00
Costs Retained	

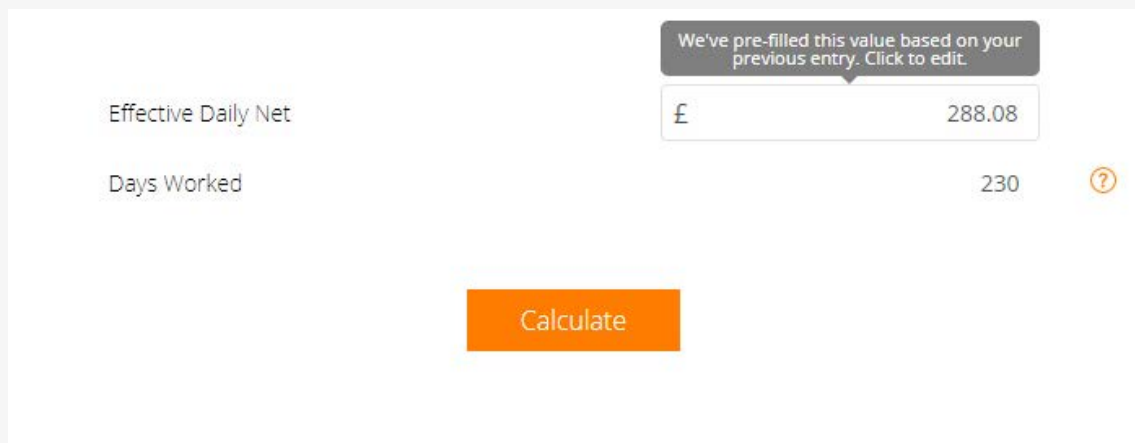
CALCULATOR THREE

Inside IR35 Assignment Retaining Same Net As Outside IR35 Input

The third calculator takes the effective daily net figure from calculator two (outside IR35 via PSC) and reverse-engineers that figure to calculate an assignment rate via our temporary worker service (TWS) offering or via an external PAYE provider that would return the same effective daily net.

The input screen prefills the effective daily net from the outside IR35 via PSC calculator (though this field can also be edited) and the amount of working days is prepopulated with 230.

N.B. We use 230 by taking the 260 Monday to Friday days during a hypothetical annual period and subtracting firstly the average 8 bank holiday days in a year and further deducting 22 days for holiday entitlement.



The screenshot shows a web-based calculator interface. At the top, a grey tooltip reads: "We've pre-filled this value based on your previous entry. Click to edit." Below this, there are two input fields. The first is labeled "Effective Daily Net" and contains the value "£ 288.08". The second is labeled "Days Worked" and contains the value "230", with a small orange question mark icon to its right. At the bottom center, there is an orange button labeled "Calculate".

Inside IR35 Assignment Retaining Same Net As Outside IR35 Output

This results in an summary output which takes the effective daily net multiplied by the days worked and grosses those figures all the way up to obtain a contract value per day and total contract value, which is the figure we use to add on our margin in order to provide a charge rate to the client.

From this contract value, the calculator works back down deducting the fees to administer a TWS as well as showing what we as a TWS provider or another PAYE provider would have to pay HMRC for employers NI based on the assignment rate.

The next step is the calculation of the total assignment rate with a full employee payslip detailed taking off employee NI due resulting in an employee net salary amount for the 12-month period, which is then reconciled to the effective daily net multiplied by the 'Days Worked' figure.

The last element of this view is confirmation of the assignment daily rate net and it also calculates a net retention of the entered effective daily net rate from the assignment daily rate as a percentage.

Within the summary and by clicking on the icons you will see an expanded breakdown of all elements is provided.

Inside IR35 Assignment Retaining Same Effective Daily Net Rate as Outside IR35

Expand All Collapse All

Effective Daily Net	£ 288.08
Days Worked	230
Box	
Contract Value (TWS) per Day	£ 491.15
Contract Value (TWS)	£ 112,964.39
TWS / Payroll Provider Fee	-£ 900.00
Employer NI Due	-£ 12,542.77
Assignment Rate/Gross Pay Rate	£ 99,521.62
Employee NI Due	-£ 5,954.59
Employee PAYE Income Tax Due	-£ 27,308.65
Net Salary	£ 66,258.38
Box	
Assignment Rate per Day	£ 432.70
Net Retention %	66.58 %

The next and final output is the expanded full and detailed breakdown of the entire financial elements of the assignment to the granular level of detail e.g., breaking down the employer's NI due to be paid by us as the TWS provider (or via an external PAYE provider), based on the varying and applicable HMRC thresholds for employers' NI.

Assignment Rate (TWS) per Day	£ 491.15
Contract Value (TWS)	£ 112,964.39
TWS / Payroll Provider Fee	-£ 900.00
Employer NI Due	-£ 12,542.77
Box	
Assignment Rate/Gross Pay Rate	£ 99,521.62
Contract Value (TWS) up to and including SE	£ 8,682.00
Employer NI Due up to SE	-£ 0.00
Contract Value (TWS) above SE	£ 90,889.62
Employer NI Due above SE	-£ 12,542.77
Total Employer NI Due	-£ 12,542.77
Box	
Assignment Rate/Gross Pay Rate	£ 99,521.62
Employee NI Due	-£ 5,954.59
Employee PAYE Income Tax Due	-£ 27,308.65