LIGHTHOUSE CONSULTANTS

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IR35 Compliance Checklist

1. **Understand the Contract and Working Arrangements**
   - Review the contract terms carefully.
   - Confirm the contract specifies project-based work with clear deliverables and deadlines.
   - Ensure there is no guarantee of continuous work or “mutuality of obligation” (MOO).
2. **Check for Control Over Work**
   - Determine who has control over the work methods, schedule, and location.
   - Ensure you have autonomy over how, when, and where work is done.
   - Avoid being treated like an employee with direct oversight and set hours.
3. **Assess Mutuality of Obligation (MOO)**
   - Confirm there is no expectation for continuous work after the project’s completion.
   - Ensure the contract has no provision for ongoing work obligations or benefits typical of employment.
4. **Evaluate the Substitution Clause**
   - Ensure the contract allows you to provide a substitute if you cannot complete the work yourself.
   - Verify that the client does not have the right to refuse a qualified substitute.
   - Keep records of any substitution offers, even if they are not taken up.

5. **Financial Risk and Responsibility**
    - Ensure you take on some level of financial risk (e.g., liability for errors or additional costs).
    - Avoid contracts where the client bears all risks and expenses associated with the project.
    - Confirm you are responsible for providing your own tools, equipment, and resources.
6. **Business-Like Behaviour**
    - Ensure you operate through a registered limited company or as a sole trader with separate business accounts.
    - Maintain a website, business email, and other professional identifiers.
    - Have multiple clients or evidence of seeking work from multiple clients to avoid dependency on a single client.
7. **Review "Part and Parcel" of the Organization**
    - Ensure you are not integrated into the client's organization (e.g., not using their employee benefits or attending social events as an employee would).
    - Avoid company perks, access to employee training, or company emails.
    - Ensure your position is not one that would be typically filled by an employee.
8. **Right of Dismissal**
    - Check that your contract specifies project completion rather than a specific termination notice period.
    - Ensure that dismissal terms reflect the end of a project rather than employment termination.
9. **Regularly Use the CEST Tool**
    - Use the HMRC's Check Employment Status for Tax (CEST) tool to assess your IR35 status.
    - Document the results as part of your IR35 compliance records.
    - Update this status annually or when any significant contract or working arrangement changes occur.
10. **Consult a Professional if Uncertain**
    - If unsure, consult a tax or legal professional specializing in IR35.
    - Conduct an annual review with a forensic accountant to ensure ongoing compliance.