

£800k Tax Bill for Essex Builder

An Essex contractor is facing an £800,000 tax fine after Revenue inspectors ruled its self-employment contracts were not worth the paper they were written on.

The firm has a 100-strong workforce which it engaged using self-employment contracts drawn-up by its accountants.

But HM Revenue & Customs ruled that the entire workforce should actually be classified as employees and has hit the firm with a £600,000 bill for unpaid National Insurance contributions and £200,000 in fines and interest.

The Essex builder was so confident its self-employment contracts were water tight that it took along a group of workers to meet with revenue inspectors during a status check last summer.

But seven months after the meeting, the firm was stunned to be hit with a bill for £800,000.

Tax experts are now warning that thousands of contractors could be hit with similar fines as HMRC clamps down on self-employment contracts. Scores of financial firms and advisers offer documents designed to keep workers self-employed in the eyes of the tax man.

But industry expert David Jackson of Hudson Contract warned that most of the contracts "are about as useful as a cardboard crash helmet". He said: "This is just the tip of the iceberg. All over the country, construction firms are harbouring an ill-founded belief that their self-employment contracts are bomb proof."

Jackson said: "This story is like something out of a Stephen King novel. Everything starts out with the best intentions but then a chain of events unfold and the results are catastrophic."

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Images available upon request.



Notes to Editor:

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