

Umbrella Company Tarpon Comment On The Recent Announcement That MSC Investigations Have Risen Significantly



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January 18, 2013, 11:17 am -- /[EPR NETWORK](#)/ -- Under the freedom of information rules, it has been confirmed that the government are clamping down on tax avoidance arrangements through the use of Managed Service Companies (MSCs) legislation. The legislation enables the government to recover tax and National Insurance Contributions, and has caused investigations to treble in a short period of time. The news will no doubt be of interest to those working within both employment and financial industries, including UK umbrella companies such as [Tarpon UK Ltd](#).

The company which submitted the Freedom of information requests to HM Revenue and Customs (HMRC) was recruitment law specialist, Lawspeed. The information revealed that the number of MSC tax avoidance arrangement enquiries had risen from 216 to 860, in the space of 7 months.

Lawspeed make it clear that since there has been 142 debt transfer notices issued since April 2011, recruitment supply companies that work with service providers should be very cautious.

The MSCs legislation defines Managed Service Companies as any contractor company that pays its worker more than employed levels of income. If HMRC discovers recruiters using companies that chose to avoid tax and National Insurance, this may result in the outstanding tax and National Insurance debt being transferred to them.

The director of Lawspeed, Adrian Marlowe, explains that the law in this area is very complex and technical. He also stated that, "agencies should be careful to independently check the service providers they work with to assess the level of exposure to tax and national insurance transfer."

A spokesperson from leading UK [umbrella company](#) Tarpon commented on the recent discovery:

"Although the number of investigations has risen dramatically, it's vital that freelancers who are umbrella company employees do not panic. This news will only affect those who continue to avoid paying tax.

"Tarpon are proud to be 100% compliant to all tax legislation, which ensures safety not only to contractors and freelancers, but also clients and agencies."

"Because there are numerous laws and regulations that must be followed when freelancing and contracting in the UK, we believe that it is up to umbrella companies to provide a genuine employment solution that helps create peace of mind for all employees."

About Tarpon

Tarpon are an umbrella company specialising in contractor tax efficiency, enabling contractors to maximise their income and streamline their admin. Tarpon also provide contractors and agencies with professional advice surrounding potential employment law and tax challenges, including IR35 and AWR.

Discover what your take home pay will be with Tarpon by using our online [umbrella company calculator](#). Or speak to one of our experts, by calling 0800 434 6402.

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