



## recruitment a complete legal service

### helping recruiters through challenging times

Whilst many of our clients are in sectors comparatively unaffected by economic developments and forthcoming legislative and tax changes, many of them are affected or soon will be.

We have therefore built specialist legal teams which can provide the support that many of our recruitment clients will need to meet these challenges and opportunities, including:

- debt collection, liquidity and banking issues for recruiters
- acquisition opportunities during a downturn
- margin reduction exercises, RPO and managed service deals, and migration problems
- new income tax, CIS and VAT issues for the recruitment sector in 2008-9
- UK implementation of the Temporary (Agency) Workers Directive in 2009, and development of 'employed contractor' models
- reducing employment costs and avoiding database theft by departing employees
- reducing property costs
- dealing with the new immigration regime in a way which will reassure your clients
- using outsourcing to save cost
- dealing with increasing regulatory problems

#### debt collection, liquidity and banking issues for recruiters

In these difficult times we are:

- advising recruiters on the best methods of recovery of money or assets where a client, or a managed service provider, is insolvent

- advising businesses and individuals in financial difficulties including advice on business turnarounds, MBO's and rescues, and the use of insolvency procedures

- helping recruiters collect out volume debt quickly and at the lowest possible cost, ensuring that cashflow is maintained

Our Insolvency and Business Recovery team can deal with all recruitment sector related problems. Our Recoveries and Finance team has state-of-the art systems enabling them to collect volume recruitment debt cheaply and securely. Our Banking team advises on refinancing and restructuring when businesses get into difficulty.

#### acquisition opportunities during a downturn

We can move quickly to help recruitment clients buy the business or assets of any company that unfortunately suffers serious financial problems including acting on distressed M&A transactions and pre-pack administration sales as well as other transactions with insolvency practitioners. We know that you have to move fast, using advisers who know what they are doing, to ensure that the opportunity to preserve value in the business is not lost.

#### margin reduction exercises, RPO and managed service deals and migration problems

Recruitment process outsourcing and managed service deals, driven by clients wishing to cut rates and/or margin, are a feature of any downturn. We have 40 years of collective experience in this area and can make sure the best structures are adopted with smooth transition, avoidance of tax and other cost, and respect for the rights of all concerned. Previous downturns have seen a rush into unsound deals leaving everyone involved out of pocket. We can prevent this.

the natural choice in law

 Blake  
Lapthorn

## new income tax, CIS and VAT issues for the recruitment sector in 2008-9

Recruiters face queries following recent IR35 cases, and now have concerns about tax risks under the new Construction Industry Scheme and Managed Service Company regime. At the same time, HMRC is about to attack the tax free status of travel and accommodation expenses paid to 'employed' and umbrella company temps. On top of this April 2009 sees the end of the Staff Hire Concession, pushing up unrecoverable VAT costs for many hirers of using temps. What should you do to avoid serious increased, potentially unprovided for, liabilities in these areas? We have developed tax compliant operating models and VAT arrangements to help recruiters deal with these issues.

## UK implementation of the Temporary (Agency) Workers Directive in 2009 and development of new 'employed contractor' models

The TWD is now EU law and seems likely to come into force in the UK in 2009. We have developed four different 'work rounds' which will help recruiters minimise the impact of the TWD, keeping costs down for all involved in the recruitment process. We are now running workshops with clients helping develop tailored solutions for them. One key area will be the development of 'employed' models which fall outside TWD, minimise the risk of employment claims and, at the same time, retain some tax efficiency.

## reducing employment costs and avoiding database theft by departing employees

Our Employment team understands the difficult employment issues facing recruiters at the moment and the major ongoing changes in employment law from restrictions on working time to age discrimination. We are helping clients reduce staff costs in the downturn including workforce restructurings and redundancy programmes, risk-free and cost efficient ways of engaging temps and contractors tax efficiently, bonus re-

negotiations, and TUPE issues surrounding outsourcings and sales and acquisitions. Our Data Protection and IP teams also ensure that when you have to reduce your workforce, your database is not taken by ex-employees.

## reducing property costs

If you have property-related problems caused by the current difficulties, we will get you the best possible result in the shortest possible time.

## dealing with the new immigration regime from late 2008

We are running workshops on what recruiters have to do under the new regime, and how they can help their clients with compliance.

## using outsourcing to save cost

Companies that outsource obviously hope for service improvement, but in a downturn it's mainly seen as a route to cost-saving and reducing headcount. So, whether you're in the business of providing RPO services, or keeping your competitive edge by outsourcing back office processes or IT support, we have the expertise you need to make the process work for you.

## current regulatory problems

Sadly recessions often lead to problems with the regulators, with the Information Commissioner's Office, the Employment Agency Standards Inspectorate and the Office of Fair Trading all focusing on the recruitment world at the moment. Some businesses struggle to keep up with compliance at a time when they are understandably mainly focusing on commercial survival. Recessions also often lead to increases in cartel offences and fraud, and help reveal historic frauds. Our team handles all aspects of these cases, protecting recruiters under attack, or recovering assets and getting the best result as soon as possible.

Solutions for all involved in the recruitment process and the world of agency and contract workers

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