

Procurement SOP - IR35 Status Determination Statement (SDS)

One-page operating procedure for HR/Procurement to control off-payroll (IR35) engagements. Version 1.0 - 13 Jan 2026.

Purpose

Ensure every in-scope contractor engagement has a documented SDS with clear reasons, evidence, and a managed dispute process.

Scope

Applies to UK contractor engagements where off-payroll rules apply (typically public sector and many medium/large private-sector clients).

Roles and responsibilities (RACI)

- **Responsible:** Hiring Manager - confirms working practices and role realities.
- **Accountable:** HR/Procurement - ensures SDS exists before onboarding; owns policy.
- **Consulted:** Tax/Legal - edge cases, high-risk roles, dispute responses.
- **Informed:** Agency/Fee-payer and Worker/PSC - receive SDS and dispute contact route.

Procedure (minimum controls)

- **Gate 1 - Intake:** collect contract + statement of work (if any), role description, supply-chain contacts.
- **Gate 2 - Working practices:** hiring manager completes a short confirmation (control, substitution, supervision, location, equipment).
- **Assess and document:** map key status factors to evidence (contract clauses and, where relevant, working practices).
- **Approve:** HR/Procurement records approver name, date/time, and method/tool version used.
- **Issue and distribute:** send SDS to worker and the next party in the chain (agency/fee-payer) and keep proof of delivery.
- **Store audit pack:** save SDS pack and supporting evidence in the engagement record before start date.

Disagreement handling (SLA)

Maintain a mailbox for representations. Log the receipt date and respond within **45 calendar days** by either confirming the determination (with reasons) or issuing a replacement SDS effective from a stated date.

Records to retain (audit pack)

- Contract, schedules, and statement of work; role description.
- Working practices confirmation (signed/dated by hiring manager).
- SDS PDF plus evidence highlights (quoted clauses / notes).
- Approval record (who approved, when) and method/tool version.
- Distribution proof (email log/portal record) and supply-chain contacts.
- Any representations and your response (and any replacement SDS).
- Retention: keep for at least 6 years (or longer if your policy requires).

Optional: Use Docopy SDS Generator for a free preview and downloadable SDS pack.

Tool link:
docopy.com/status-determination-statement

Review cadence: annually, and whenever legislation, HMRC guidance, or supplier model changes.