

**IR35 SERVICES: Invitation to Quote (ITQ) and “3 Quotes” Templates**

Buyer Instructions (Please delete this page, any highlighted buyer instructions and 3 Quotes template before issuing to suppliers)

Use this **IR35 ITQ template** to request quotations from suppliers if you wish to purchase services for under £50,000 and IR35 rules\* apply.

Use the **“3 Quotes” template** (page 8) to record responses and your purchase justification.

**If your purchase is £50,000 or above you must contact the** [**Procurement Office**](http://www.ed.ac.uk/procurement/about/contact-us)**.\*\***

Prior to purchasing, buyers must ensure that they obtain appropriate approvals under the University’s [Delegated Authority Schedule](http://www.docs.sasg.ed.ac.uk/GaSP/Governance/Governance/DelegatedAuthorisationSchedule.pdf) and should verify that their requirement is not already available through a [current internal service or contracted supplier](http://www.ed.ac.uk/procurement/policies-procedures/how-to-buy-guidance-under-fifty-thousand/contracted-goods-and-services).

If you have any queries, please contact the [Procurement Office](http://www.ed.ac.uk/procurement/about/contact-us).

*Steps for buyers:*

1. ***First, determine if IR35 is likely to apply to your service requirement*** *by completing the Employee Status Questionnaire-Future Engagement form (available on the* [*Payroll Office website*](http://www.ed.ac.uk/finance/about/sections/payroll/payroll-forms)*) and send to* [*University Payroll Office*](http://www.ed.ac.uk/finance/about/sections/payroll)[to: [finpay@ed.ac.uk](mailto:finpay@ed.ac.uk)] *for an official tax status check using HMRC’s Check of Employment Status for Tax (CEST) tool. If Payroll informs you that IR35 does not apply, please use the general* [*ITQ/3Q template for goods and services*](https://www.ed.ac.uk/procurement/policies-procedures/how-to-buy-guidance-under-fifty-thousand/ir35-tax-changes)*.*
2. *Edit the ITQ cover page and letter as required.*
3. *In appendix 1, add a specification or description of your requirement. In appendix 2, edit headings where suppliers will include their quality information. Suppliers will submit their price information as a per-day rate via the embedded IR35 price schedule in appendix 2, which will auto-calculate relevant tax liabilities. Bidders must confirm their IR35 tax status in appendix 3.*
4. *Send the ITQs via email to at least 3 suppliers who you believe can meet your requirement, answer any relevant queries, and then receive and evaluate the quotations*.
5. *Select the winning quotation and record your justification (see “3 Quotes” template on page 8 below). While you are not obligated to select the cheapest option, you must record your reasoning.*
6. *Follow local procedures to raise a purchase order and keep relevant documentation locally according to the local document retention procedures.*

\*IR35 Rules: Bidders who provide a service via an intermediary may be in the scope of IR35 tax rules. Please ensure that these suppliers, as well as any self-employed or “sole traders”, have completed the modified pricing schedule in Appendix 2 and the tax status check in Appendix 3. If IR35 is not not likely to apply, please use the general [ITQ/3Q template for goods and services](https://www.ed.ac.uk/procurement/policies-procedures/how-to-buy-guidance-under-fifty-thousand/ir35-tax-changes). Please see the [University website](https://www.ed.ac.uk/procurement/policies-procedures/how-to-buy-guidance-under-fifty-thousand/ir35-tax-changes) for more info on IR35 rules.

\*\*Some Schools and Colleges provide locally based support for procurements under £50,000; check [here](http://www.ed.ac.uk/procurement/policies-procedures/how-to-buy-guidance-under-fifty-thousand/locally-based-support) to see contact info for included departments.



**INVITATION TO QUOTE (ITQ):**

Insert service title

Ref: insert reference number if applicable

**KEY MILESTONES/DEADLINES:**

|  |  |
| --- | --- |
| 29th April 2017 | Issue of ITQ |
| 12.00 25th May 2017 | **Deadline for submission of quotes** |
| 25th May 2017 onwards | Review of quotes |
| 6th June 2017 | Orders placed\* |
| 18th July 2017 | Delivery\* |

**\*Please note the above dates are given as guidelines only and are subject to change**

Insert Date

Dear Supplier

**INVITATION TO QUOTE FOR (short description optional)**

You are invited by the University of Edinburgh to quote for the provision of services as detailed below. Your quotation must be received by **the time and date specified on the front page of this document.** It is the responsibility of all suppliers to ensure that their quotation response is received no later than the appointed time. The University of Edinburgh may undertake not to consider quotations received after that time.

The University of Edinburgh are not bound to accept the lowest priced or any quote and shall not be bound to accept the supplier as sole supplier. Prices quoted shall remain fixed for the duration of the contract. Value Added Tax (VAT) should be shown separately and the VAT registration number given.

The location where services will be performed is insert address here.

If you cannot supply the exact service the University needs, you may suggest alternatives that meet the specification, whilst complying with any minimum standards and the primary outputs expected from equipment of this nature. Please clearly show the benefits of any such alternatives.

If you are bidding to provide services which consist of or include the personal services of one or more workers (e.g. consultancy) to the University via an intermediary, for example an intermediary could be your own limited company or a personal service company (PSC), partnership, or an agency or other third party, the work may fall within the scope of the HMRC IR35 (intermediaries) legislation that came into effect in April 2017. The University will need to verify the intermediary status (see appendix 3), and bidders quoting for services which fall under the scope of this legislation must complete the price matrix in appendix 2 in order to submit or amend their bid.

By providing us with a quotation you agree to be bound by the University of Edinburgh’s Services [Terms and Conditions](http://www.ed.ac.uk/procurement/supplying/terms-and-conditions-of-purchase)which will apply to any contract awarded to you after you have provided us with our quotation.

Enquiries and returns regarding this Invitation to Quote should be addressed to

Yours faithfully

Add your name here

Job Title

**ITQ Appendix 1: Specification**

Quantity (insert “N/A” if not applicable):

Description/Brief:

(BUYER INSTRUCTIONS: please describe requirement including any relevant considerations such as:

* quality info
* experience
* insurance
* health and safety
* confirmation that role has been assessed as in scope of IR35
* sustainability requirements, etc.

Buyers can include multiple specifications.See [specification tips](http://www.ed.ac.uk/procurement/policies-procedures/how-to-buy-guidance-under-fifty-thousand/how-to-write-a-specification) on the University website or [how to prepare a brief](https://www.procurementjourney.scot/route-1/route-1-prepare-brief) from the Procurement Journey for more info)

Sustainability requirements (delete if not applicable):

**ITQ Appendix 2: Bidder quotation information—Bids that are under the scope of HMRC IR35 legislation**

BUYER INSTRUCTIONS: For more information about preparing and evaluating quotations please see the Scottish Procurement Journey [Prepare Quotation Documents](https://www.procurementjourney.scot/route-1/route-1-prepare-quotation-documents) and [Receive and Evaluate Responses](https://www.procurementjourney.scot/route-1/route-1-receive-and-evaluate-responses)

BIDDER INSTRUCTIONS: Please use this form, including embedded MO Excel pricing schedule, to detail your quotation information.

Please describe below how you will meet the requirements listed in the bidder specification, including quality and cost information. If you have determined that IR35 rules apply to you via appendix 3, you will need to submit or amend the cost component of bid using the pricing schedule on the following page where the Total Intermediary Bid Rate will be auto-calculated as a per month cost as follows:

1. Material Net costs £xxx

2. Total Labour Rate+Employer NIC (Employer NIC = Proposed Rate Net -£680) x

13.8%

3. Apprenticeship Levy = (Proposed Labour Rate nett x ½%)

4. VAT (20%) is added to the total Proposed Labour Rate

NOTE: New rules regarding intermediaries tax legislation (IR35) came into effect 6 April 2017. This applies to contractors who work for a public authority client through an intermediary (an intermediary can take the form of a contractor’s own limited company, a service or personal service company, or a partnership) as well as to agencies and third parties who supply contractors to the public sector. In cases where IR35 is applicable and the public authority has a direct engagement with the contractor (i.e. there is no agency or other third party in the supply chain), the public authority is required to pay off-payroll workers’ employment taxes in a similar way to employees. This involves calculating Income Tax and primary (employee) National Insurance Contributions, deducting these amounts from the contractor/intermediary’s fee for the work provided and paying them over to HMRC.

If IR35 is applicable for the bidder, this will entail additional costs to both the public authority and the contractor/intermediary.

*For further information about IR35 rules, please* [*the University website*](http://www.ed.ac.uk/procurement/policies-procedures/how-to-buy-guidance-under-fifty-thousand/ir35-tax-changes) *or the HMRC guidance at* [*https://www.gov.uk/guidance/off-payroll-working-in-the-public-sector-reform-of-intermediaries-legislation*](https://www.gov.uk/guidance/off-payroll-working-in-the-public-sector-reform-of-intermediaries-legislation)

**Bidder Details**

BIDDER INSTRUCTIONS: please provide relevant contact and company information

**Quality Information**

BIDDER INSTRUCTIONS: please describe how you will fulfill the requirement as detailed in the specification in appendix 1

**Cost Information**

BUYER INSTRUCTIONS: Please contact Stuart McLean, Professional Services Procurement Manager, at [stuart.mclean@ed.ac.uk](mailto:stuart.mclean@ed.ac.uk), if you have any queries about use of the IR35 pricing schedule.

BIDDER INSTRUCTIONS: Please submit your commercial response by completing the embedded pricing schedule below. Insert values into highlighted fields only.

Step 1: Bidders should complete appendix 3 to confirm whether there is an intermediary involved in the supply chain. Bidders should complete the left column (column E) of the pricing schedule, and those who are not intermediary bidders should complete the right column (column F). Only edit labour values highlighted in yellow as well as any material costs (existing values in form are included as examples).

Step 2: To align with IR35 tax calculations, all intermediary bidders should input their commercial bid price as a net daily labour rate along with the number of days proposed per month and the total number of proposed days applicable to the project. If relevant, bidders should also indicate any proposed material costs. The pricing schedule auto-calculates VAT and tax liabilities as detailed above for IR35 bidders and excludes these tax liabilities for non-IR35 bidders.

Step 3: Please check the auto-calculation values before submitting.

PLEASE NOTE: Bidders may be required to amend their bids if they submit quotation information incorrectly. This includes making an incorrect statement on whether or not the bidder is an intermediary, as defined.



**ITQ Appendix 3: HMRC intermediaries (IR35) tax legislation – Bids under the scope of IR35**

BUYER INSTRUCTIONS: All bidders must complete the form below along with their quote. If you also have not yet completed the employee status questionnaire-Future Engagement form (available on the [Payroll Office website](http://www.ed.ac.uk/finance/about/sections/payroll/payroll-forms)) for your requirement and sent to [University Payroll Office](http://www.ed.ac.uk/finance/about/sections/payroll) [to: [finpay@ed.ac.uk](mailto:finpay@ed.ac.uk)]to conduct official tax status check, **please do so before requesting quotes/informing the winning bidder.**

BIDDER INSTRUCTIONS: Please confirm your intermediary status as instructed below. The University will conduct a check of the winning bidder’s intermediary status on Companies House prior to appointment.

Under new rules effective 6 April 2017 concerning ‘off-payroll working in the public sector’, bidders are required to confirm their intermediary status (an intermediary could be those bidding through their own Limited company, personal service company (PSC) or partnership).

Bidders are required to confirm the following in relation to the type of intermediary in each case:

**NOTE:** Includes Bidders who supply the personal services of a worker (or workers) where one (or more) intermediary is involved in the supply chain (intermediary bidders):

1. One of the conditions A to C are met ; OR 
2. None of the conditions A to C are met 

Please tick the box above to indicate which statement above is applicable.

Please follow links below to HMRC guidance and definitions and explanations of these conditions.

<https://www.gov.uk/hmrc-internal-manuals/employment-status-manual/esm9010>

<https://www.gov.uk/hmrc-internal-manuals/employment-status-manual/esm8045>

Where one of the conditions A-C above applies, please note that the University has assessed this contract using HMRC’s Check of Employment Status for Tax (CEST) tool [https://www.gov.uk/guidance/check-employment-status-for-tax](https://www.gov.uk/guidance/check-employment-status-for-taxa) and we have concluded that it is inside the intermediaries (IR35) legislation.

For further information, please see HMRC guidance at: <https://www.gov.uk/guidance/off-payroll-working-in-the-public-sector-reform-of-intermediaries-legislation>



**IR35 Services: “3 Quotes” Below £50,000 Purchasing Template**

This form is a recommended template to help University staff to record their reasoning for choosing a particular personal service supplier where IR35 “off payroll” tax rules are likely to apply.

Please note that you should contact the Procurement team <http://www.ed.ac.uk/procurement/about/contact-us> if any of the following apply:

* If you any have queries
* For goods: If you anticipate spending more than £50,000 in the next 12 months (legal requirement)
* For services: If you anticipate spending more than £50,000 in the next four years (legal requirement)
* If this is an international purchase (for verification that your shipment terms are appropriate)
* If funding for the purchase has external funding auditing requirements
* If your department offers locally-based procurement support (see [contacts list](http://www.ed.ac.uk/procurement/policies-procedures/how-to-buy-guidance-under-fifty-thousand/locally-based-support)), please check with your relevant contact before proceeding

To determine if IR35 is likely to apply and before requesting quotes: complete [employee status questionnaire-future engagements](http://www.ed.ac.uk/finance/about/sections/payroll/payroll-forms) form for your requirement and submit to the [Payroll Office](http://www.ed.ac.uk/finance/about/sections/payroll/contacts) [to: [finpay@ed.ac.uk](mailto:finpay@ed.ac.uk)] for official tax status check. See [Procurement Office website](http://www.ed.ac.uk/procurement/policies-procedures/how-to-buy-guidance-under-fifty-thousand/ir35-tax-changes) for more info.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Description of requirement: |  | | | | | | |
|  |  |  | |  |  | |
| Your name: |  | | Budget Code/Grant Number\*: | |  | | |
|  |  | | \*Delete as appropriate\* | |  | | |
| Budget holder name: |  | | Procurement Reference: | |  | | |
|  |  | | (If relevant) | |  | | |
| School/Department: |  | | IR35 check made by [Payroll](http://www.ed.ac.uk/finance/about/sections/payroll)? (If relevant) | | |  | |

**Quotes Received**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Supplier Name | Brief Description of product / service offered | Total Price  (Ex VAT) |
| 1. |  |  |  |
| 2. |  |  |  |
| 3. |  |  |  |
| 4. |  |  |  |

**Successful Supplier & Reason for Decision:** (Please provide a clear reason for the decision. The chosen quote need not be the cheapest but rather the most appropriate)

|  |
| --- |
|  |

**If there are fewer than 3 suppliers please record your justification:** (e.g. Compatibility with existing equipment; no other supplier capable of meeting requirements for technical reasons etc. Note: higher value purchases require robust justification)

|  |
| --- |
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