

A GUIDE TO CHOOSING AN UMBRELLA COMPANY



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Hello from Contractor Umbrella

At Contractor Umbrella, we believe that your umbrella company should do more for you than just process your payments. We aim to make your life as a contractor as hassle free as possible, answering any queries you may have, dealing with your paperwork as well as liaising with your agency or client.

We are so confident in our level of service that we have a Commitment Charter that sets out what you can expect from us which is backed by our money back guarantee, for total peace of mind. As an employee of Contractor Umbrella you will have your own dedicated Contract Manager who is fully trained on all areas that you may have questions on and will work with you to ensure that your employment is hassle free. The world of umbrella companies is forever changing with increasing levels of legislation and compliance surrounding the industry, that's why we take legal advice from top UK legal employment specialists Blake Morgan, and top UK tax specialists, Kingston Smith. That way, by using Contractor Umbrella, you can be confident that we keep you on the right side of the law.

As a client of Contractor Umbrella, you also have the flexibility to work via our sister company, Dolan Accountancy who are dedicated contractor accountants. This means should your IR35 status change there is no need to start looking for a limited company accountant and you will continue to receive the same high level of service and expertise that you have with Contractor Umbrella. There is no fee for this transfer and you can return to umbrella as and when your employment status changes.

We hope you find this guide useful and easy to understand, however if you do ever have any queries, please visit our website or give us a call to find out more about Contractor Umbrella and how we can help make your life as a contractor as easy as possible.

You can find out more via:

www.contractorumbrella.com

Alternatively you can speak to one of our friendly experts on **01206 591 000** or via email at:

Email us info@contractorumbrella.com

Kind regards,



Lauren Monks

Operations Manager



Looking for an umbrella company?

Many umbrella companies make claims and promises that sound too good to be true... and they usually are!

Here are some of the false claims we've seen:

- Higher net pay claims including expenses which may not even be claimable
- Promises of protection from HMRC investigation
- 'HMRC approved'
- Advertising their fees at higher rate tax figures
- Cheap starter fees, leading to normal, higher fees later on
- 'IR35 compliant'
- Act as 'Employer'
- Pension options

Higher net pay claims including expenses which may not even be claimable

There are umbrella companies advertising up to 85% retention of your income, which might sound enticing, until you hear the reality.

It is not unheard of for umbrella companies to include an assumption on expenses, however since changes to legislation in April 2016, no compliant umbrella company can process expenses for tax relief purposes at source. If the contractor can prove they are not under Supervision, Direction and/or Control or the right thereof then they may be able to claim these back via self-assessment at the end of the financial year, they cannot be processed giving the tax benefit at the point of pay. This is very misleading and can leave you with a very different figure on your payslip to those shown on the take home pay calculation.

We can guarantee you that any umbrella company making such assumptions will have it somewhere on their website or within their T&C's that the tax relief will only be available via self-assessment.

Contractor Umbrella follows HMRC's guidelines on expenses very carefully and won't process any non-chargeable expenses at source.

We are very pro-active in ensuring our contractors are compliant - this means you can sleep well at night.

Promises of protection from an HMRC investigation

No umbrella company can offer this despite their claims. At the end of the day it is your tax liability and HMRC will pursue you to reclaim any underpaid tax. The penalties and interest would also be payable by you, regardless of the fact that you were given bad advice.

It also makes you question why a company would need to offer protection if it's giving sound advice? Contractor Umbrella along with its sister company, Dolan Accountancy, offer all contractors specialist accountancy services via both a limited or umbrella company so you can be assured that we offer the best advice. Even if HMRC decide to contact you, you will know that you won't have had anything processed that is non-compliant with their guidelines.



“HMRC approved”

HMRC doesn't 'approve' umbrella companies. HMRC used to grant an umbrella company a dispensation, which is where the misleading advertising used to begin.

A dispensation was purely to save an umbrella company extra administration. Without this, the company would need to see receipts for every single expense claim that they process, however with the removal of expenses for tax-relief purposes via the Travel & Subsistence Legislation in April 2016, a dispensation holds very little relevance today.

Advertise fees at higher rate tax figures

Double check the small print when reviewing the umbrella company's charges. Some companies will advertise their fees assuming you are a higher rate taxpayer. If you earn less than £45,001 per annum, these won't be the charges you pay.

Cheap starter fees, leading to normal, higher fees afterwards

Some umbrella companies will use such hooks as £X fees for the first x weeks or free fees for the first x weeks but is this really a good deal?

After the promotional period has ended, these costs will revert to the normal charges, which are usually more expensive than the other companies in the longer term.

All umbrella companies have to charge, if the costs are advertised as nothing, or next to nothing, the company will have to make their money another way.

IR35 compliant... it's irrelevant!

The IR35 rules don't apply to contractors operating through a compliant umbrella company as your payments are processed through PAYE. Although the claim of 'IR35 compliant' sounds impressive, it's completely pointless.

Act as 'employer'

Legislation states that umbrella companies **must** act as employer to its contractors and as such you will be employed under an over-arching contract of employment.

An umbrella company that doesn't operate a holiday pay policy could still leave you at risk of the MSC legislation. As an employee of the umbrella company, you are paid through the PAYE system but this alone isn't necessarily enough to give you the status of employed, without holiday pay you could still be held accountable under the MSC rules as a self employed individual.

You are also entitled to all statutory employment rights including sick pay, maternity pay and paternity pay, these cannot be charged onto you as their employee.

Pension options

All umbrella companies, as your legal employer, must act in line with government legislation and provide a workplace pension that ALL employees must be auto-enrolled into. There are a lot of umbrella companies who will simply offer the pensions auto-enrolment option to a contractor, with no flexibility over the contributions, however here at Contractor Umbrella, we are able to allow any payments into our Group Pension Scheme, operated by Scottish Widows, as long as we ensure you net National Minimum Wage in your pay packet every period.









The pension payment will be taken via salary sacrifice, saving you both PAYE Tax and National Insurance Contributions. This is one of the only ways nowadays that an umbrella company employee can gain any kind of tax relief on their earnings.

We understand that choosing an umbrella company may seem daunting so if you have any queries please get in touch and we will be happy to talk you through it. You can call one of our specialists on: **01206 591 000**.



Benefits of working for Contractor Umbrella

When you work with Contractor Umbrella you can benefit from the following:

	<p>Group Personal Pension Scheme Redirect part of your income into our tax efficient pension scheme.</p>		<p>Contractor Umbrella Rewards The scheme gives our employees access to thousands of exclusive discounts, on everyday services and products.</p>
	<p>Contractor Mortgage Getting a mortgage as a contractor doesn't have to be difficult!</p>		<p>Give as you Earn Reduce your tax liability by donating to the charity of your choice.</p>
	<p>Foreign Currency Exchange Maximise the return on your foreign currency.</p>		<p>Financial Services Specialist independent advice on income protection, life and critical illness cover.</p>
	<p>Private Medical Cover 30% discount on WPA private medical cover.</p>		<p>Contract Opportunities Contractor Umbrella can help you find that all important next contract.</p>

About Contractor Umbrella

Contractor Umbrella have been helping contractors since 2002 and have been voted as the best umbrella company by readers of Contractor UK. We are one of the most respected umbrella companies in the UK and our Commitment Charter gives contractors total peace of mind.

With our sister company, Dolan Accountancy, we offer contractors a consistently high level of customer service no matter if you work via your own limited company or through an umbrella company. We give you the flexibility to transfer when your contract demands and we won't charge you any additional costs.

Key benefits of our scheme:

- Unlike other umbrella companies we do not charge a percentage of your income, our margin remains the same regardless of your earnings
- No hidden joining or leaving charges, no minimum commitment and no fees charged in-between contracts
- Contractor Umbrella Limited is an alliance partner of Contractor UK, Freelance UK, Freelancers in the UK and affiliate members of APSCo
- A commitment charter, designed to ensure all employees and clients are taken care of every step along the way
- Web-based portal giving 24/7 access for timesheet submission
- GUa Y'XUmdUha Ybhg'Ug'ghUbXUfX'dfcj jXjb['Zi bXg'UfY'fYWj] YX j]bhc'ci f'UWzi bhVmi- Ua žZcf'bc'UXXj]hcbU'ZYY
- DYfgcbU'7cbhfUWzA UbU[Yf'Zcf'Yj YfmVj]Ybh
- Bc'UXXj]hcbU'ZYYg'cf'WUb[j]b['UWzi bhUbg]Znci 'bYYX'hc'k cf_'h'fci ['n'ci f'ick b''ja j]HX company For further information, you may like to visit our website at www.contractorumbrella.com. Alternatively, you can speak to one of our experts on 01206 591 000 or email us at info@contractorumbrella.com.

We look forward to hearing from you.



Contractor Umbrella

Umbrella company experts

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Dolan Accountancy
Limited company experts

