



## Contractor Useful Information

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Traditionally, the majority of IT contractors work through their own Limited Company, with the tax advantages far outweighing any other method, despite the introduction of IR35.

You must be aware of the rules behind IR35 and whether you fall within or outside of these regulations. As a general rule, if you fall outside of the IR35 rules, then you will most likely be better off financially using a Limited Company, whereas an Umbrella Company would probably be more beneficial if you are working within IR35 rules and looking for ease of process, including additional benefits due through the Agency Worker Regulations.

Options available to you are:

- Limited Company - Your own company ready to trade, where you will be responsible for all debits and credits.
- Umbrella Company/PAYE - Who will issue invoices on your behalf, collect payment from clients/agencies, calculate tax and N.I contributions and pay you direct.

The use of Umbrella Companies tends to be more expensive than running your own Limited Company, mainly because their charges include all the administration overheads, and they tended not to offer the same tax advantages.

## Links

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IR35	<a href="http://www.hmrc.gov.uk/ir35/">www.hmrc.gov.uk/ir35/</a>
Agency Worker Regulations	<a href="http://www.bis.gov.uk/policies/employment-matters/strategies/awd">www.bis.gov.uk/policies/employment-matters/strategies/awd</a>
Companies House	<a href="http://www.companieshouse.gov.uk/">www.companieshouse.gov.uk/</a>
Business Link	<a href="http://www.businesslink.gov.uk/bdotg/action/layer?topicId=1073858805">www.businesslink.gov.uk/bdotg/action/layer?topicId=1073858805</a>
Corporation Tax	<a href="http://www.hmrc.gov.uk/ct/index.htm">www.hmrc.gov.uk/ct/index.htm</a>
VAT	<a href="http://www.hmrc.gov.uk/vat/index.htm">www.hmrc.gov.uk/vat/index.htm</a>
Liability Insurance	<a href="http://www.businesslink.gov.uk/bdotg/action/layer?topicId=1074299774">www.businesslink.gov.uk/bdotg/action/layer?topicId=1074299774</a>
Compare Business Bank Accounts	<a href="http://www.moneysupermarket.com/current-accounts/business-bank-accounts/">www.moneysupermarket.com/current-accounts/business-bank-accounts/</a>
PlanIT	<a href="http://www.planitservices.co.uk/">www.planitservices.co.uk/</a>
Giant	<a href="http://www.giantgroup.com/">www.giantgroup.com/</a>
Parasol	<a href="http://www.parasolgroup.co.uk/">www.parasolgroup.co.uk/</a>
Churchill-Knight	<a href="http://www.churchill-knight.co.uk/">www.churchill-knight.co.uk/</a>
Tarpon	<a href="http://www.tarpon-uk.com/">www.tarpon-uk.com/</a>
Contractor Umbrella	<a href="http://www.contractorumbrella.com/">www.contractorumbrella.com/</a>