

**Welcome Contractor,**



Here are some notes available via my blog:

### **YOU ARE NOT SELF-EMPLOYED**

Notes surrounding the issue, am I self employed? HMRC's criteria regarding who is and who is not self employed can be complex, but is narrowed down, to two very important points: are you responsible for losses incurred by your engagement? Can you send a substitute in place of yourself to complete your contractual engagement? Is there a Master and Slave relationship which can be proven? Professional Driving, IT consulting, Health Service, Teaching, design or project consultants may experience difficulties in complying with these clauses, meaning you are in contravention of HMRC's IR35, which states that attending the same place of work continuously and submitting invoices to one single agent/contractor defines you as employed and subject to tax at source and national insurance will be class 1. Accountants say 'there is no such thing as a self employed driver' this is a fact not an opinion! However there is a solution, operating through a limited company allows the director to gain income from whatever source they may choose (in line with the general activities of the company). I do not favour the use of 'service companies' which by using the company as an umbrella, they distribute agreed expenses to directors arriving at a reduced tax commitment for the participants minus a fee, of up to £80.00 per month. HMRC will close this loophole shortly, harming those wishing to comply, for the benefit of their client's.

The above is in the public domain, but I will now explain how KPB will facilitate the advantages of flexible working. Forming a limited company is easy, via the internet, an "off the peg" company uses existing dormant names which have ceased trading, or you can choose to incorporate a name of your choice (providing there is no other of that name) for reasonable rates. Typically £26 to £130 the more expensive do come with benefits, in that you receive hard copy of articles of association and memorandum plus share certificates, minute log etc., KPB can assist you in this process.

Once you have your company, all returns, year ends and online submissions are completed by KPB. The task of minimising the client's tax is the single most important factor governing the relationship. The ease at which this occurs is unique in that 4 envelopes are sent to you; your task each month is to post them back to KPB (at no cost to you) filled with every invoice relevant to the business, then those that you are unsure of, then finally throw what's left in too, how easy is that? Let KPB be the judge of what is claimable! From this we will extract the information to maintain accurate accounts and return the documents to you within five days complete with information as to how you are progressing. The year end will be forecast for you, so that you can make provisions for the tax liable.

Cont:

The most important piece of information **the cost!** is not last on purpose; now you are familiar with how it works, what are the costs and savings? These can be summarised as follows:

**Taxed at source (PAYE)**

A gross wage/ income/ fees at 780.00 per month are payed through a pay scheme that is set up for your company, thus why we require your national insurance number.

**Limited Company**

The calculation of corporation tax is more complex but KPB has for several years achieved between 10 to 18% deductions from gross.

Best: 10%, net wage £576.00

Worst: 18%, net wage £524.00

Within the calculations is the administration of the clients affairs, fixed for 2017 @ £38 per month. This is not additional expense it is within the 10 to 18% deductions! The only criteria are that this figure be paid to KPB directly each month via a Standing Order or automated card payment.

More information as to how we work and our commitment to clients is available on our website [www.kpbmonarch.com](http://www.kpbmonarch.com) The formation of the original company is not included in these calculations as it remains a single one off expense within the first year.

**Remember for 98% of our clients we make savings in excess of our fees**

I hope this information has been helpful to you, call me if you are unsure of any aspect.

Alternatively pick up the phone (or email us) to set in motion an action plan.

**Paul A King ICPA**