

Employee to Contractor - a helping hand and 17% more net income!

- Deciding to venture into the world of self employment for the first time, our client approached us to explore the best way to set himself up in business
- With no knowledge of tax laws or the implications of these on his income potential, he wanted an accounting partner to guide him through his options and advise him on the best possible solution for his needs

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The Situation

Our client had attained a 12 month contract worth £70,000 per annum and was confused about which route to take: limited company, sole trader or umbrella organisation; as at the end of this contract he was unsure whether he would be more likely to stay contracting or take up a permanent position.

The options available can be fairly complex, especially to someone coming from an employed background, and most readily available information is either full of jargon, or biased to that provider's preferred solution, rather than focussing on the individual's personal situation.

Our Solution

We were able to explain clearly the differences and impact of all available options to our client before he made his decision, and advised him that the best, and most financially beneficial, route for him personally was to set up as and operate through a limited company.

We then set up and registered the company with all relevant parties and taxes so our client could start trading immediately.

We implemented a pro-active remuneration strategy that ensured he paid less than half the tax and costs he would have incurred in another route.

Result?

Having downloaded our FREE TaxApp, our client now has all key dates, calculators and other relevant information at his fingertips.

He is now clear about how to operate as a company director, the implications of IR35 and has been able to take advantage of additional savings by registering for flat rate VAT.

He is absolutely delighted to be taking home more than 17% more net income than he would have, had he not taken our advice and gone down an alternative route to being self employed.

“I'm absolutely delighted with the service I've had, and the savings I've made. If I'd known how easy this would be I would have set up on my own years ago. I would definitely recommend IN Accountancy to any contractor”