



The contractors' house of horrors - with Intouch Accounting

Let Intouch Accounting be your guide; through recent changes, upcoming IR35 announcements and how to make the most from Limited Company contracting.





The world of contracting can sometimes seem a scary place, but with the right expert Personal Accountant there to guide you – there's nothing to fear!

Let us take you through some of the recent changes, upcoming developments and areas which can concern Limited Company contractors; and show you how our knowledge and expertise can make your career in contracting worry-free. Whether you're looking to take the leap into contracting or are switching from your current provider, Intouch will be your trusted guide.

Welcome to the Intouch Accounting contractors' house of horrors! Mwahahahaha...



Transfer of debt – unpaid tax - non compliance: Managed Service Companies

Were you an Umbrella worker before April 2016? Have you been switched into another payment model that's 'better for you'? Take care – make sure you understand the implications! **Beware of MSCs!**

What is a MSC & how can you tell if you're using one?

An MSC is typically a Limited Company through which you provide your services, but the crucial difference is that it is run on your behalf entirely by a service provider. So just like Frankenstein, it may look like one thing, but underneath it's a complete nightmare! If you believe you could be using a MSC you could be liable for the following:

! Transfer of debt

MSCs have extremely strict rules that affect how tax liabilities are calculated and how unpaid liabilities are transferred as personal debt. So if the MSC isn't running your company correctly, you will be left with unpaid financial obligations which must be paid.

£ Unpaid tax

If you don't have control over your company bank account, taxes may never be paid despite being deducted from your pay, leaving you personally responsible.

🤝 Responsibilities

Contrary to what a service provider may tell you, you still have director's responsibilities which you must abide by. You're also legally responsible for actions the MSC might take.

D Dividends

You can't take dividends – even if you're outside IR35, whereas PSCs can.

Avoid the nightmare – Go Limited



Don't get caught up in a MSC, [download our free ebrief today](#) to fully understand how to identify a MSC and what to do if you believe you are involved in one.

Alternatively [speak to our team of expert advisers](#). They're here to offer compliant advice and support, on all subjects that affect contractors.

Intouch Accounting are always here for you.



Fear of the unknown: IR35 public sector consultation document

IR35 has been a real focal point for Limited Company contractors in the past quarter, with rumoured changes, an open consultation document and reactions from the contracting community. Whilst we wait for the outcome of the consultation in November's Autumn Statement, we take a look at the key areas Limited Company contractors should be aware of.

What has encouraged HMRC to take action?

Since 2015 HMRC's perceived loss from incorrect IR35 status' by Personal Service Companies (PSCs), is in the region of £430 million. HMRC believe that only 1 in every 10 contractors who should be within IR35 reach the same conclusion as HMRC would.

How are they planning to tackle this?

HMRC have proposed a new [Digital Questionnaire](#) when will, upon completion, reach a conclusion about employment status (IR35) that HMRC will be bound by – if you tell the truth as they see it. The form is being rushed through and few have any confidence that it will be fit for purpose by April 2017 when it is supposed to be released.

Proposed public sector changes to IR35

From April 2017 the burden of determining a PSC's IR35 status will be shifted over onto the public sector body, agency or third party that pays the PSC. These proposals have been universally slammed as totally unworkable and a weak attempt to over simplify the complex nature of employment status. Risk adverse intermediaries in the supply chain will run for cover and the fear is a rise in false employment – without rights!

The IR35 questionnaire cannot work for every single industry. It is also unreasonable to expect engagers (or other third parties making the payments) to be able to correctly and consistently assess status at the outset.

Directors of PSCs may become 'falsely employed', but not by receive associated employment rights. The effect is that many will move into the private sector or push rates up. Neither are good omens for an early economic recovery.

Many PSC workers will be deemed employees and if they have to suffer the employer's national insurance of 13.8%, take home pay will fall.

HMRC are rushing the digital questionnaire, but if 20 questions could reliably determine employment status established under 16 years of case law, surely we would have had it by now!

Don't let the fear of IR35 change, stop you from contracting

Whilst the PSC community wait with baited breath to see how IR35 may change, there's no reason to let the outcomes stop you from contracting success.

[With unlimited IR35 contract risk assessments, service fee protection and unlimited advice and support from your Personal Accountant](#), let Intouch Accounting be your guide through these periods of change. We'll tell you first what's happening and how it could affect you. [Speak to us today](#).



Keeping you awake at night: HMRC investigations

The monster under your bed

Does the thought of an HMRC investigation keep you up at night? Or are you already being investigated and it's the monster under your bed? There are steps you can take as a contractor to banish the fear of HMRC.

Why would HMRC investigate you?

HMRC collected over £26.6bn from compliance activity in 2014/15, so it's not uncommon for HMRC to investigate Limited Company contractors. If you do get an enquiry, you may be able to guess why you were selected from the questions HMRC ask you, but you won't actually be given a reason by HMRC.

How much does it cost and how long does an investigation take?

The average HMRC investigation can cost in the region of £20,000, not to mention the costs incurred for the amount of time it takes to conclude (which can take months – even years to sort out).

How can you protect yourself?

There's nothing you can do to stop HMRC investigating you, but there is something you can do to stop worrying about it.

Service Fee Protection enables contractors to be covered financially (for incurred accountancy fees), should HMRC raise an enquiry into your tax affairs or challenge your IR35 status. So you're free to get on with what you do best – contracting (and getting a good night's sleep!)

Got questions about the cover? [Check out our Service Fee Protection FAQs now.](#)

HMRC are increasingly investigating Limited Company contractors. Ensure you're protected against the unexpected.

Service Fee Protection

Banish those sleepless nights and HMRC investigations that lurk under your bed with Service Fee Protection. Intouch's clients receive up to £75,000 Service Fee Protection as part of the [all-inclusive monthly service – all for only £98+VAT.](#)

Sounds good? Of course it does! Find out more – [get in touch.](#)



Newbie fear: Just starting out in contracting

Entering the unknown

Starting a career in contracting can be both frightening as well as exciting in equal measures – almost like navigating your way through a haunted house! So what you really need is a guide to help you through, safely to the other side.

Let Intouch Accounting be your guide

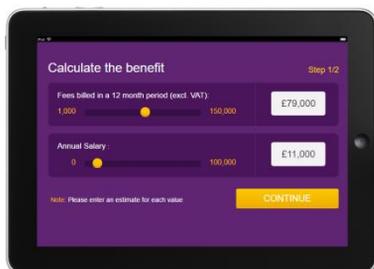
Imagine having an expert Personal Accountant, that’s ready to offer you unlimited tailored advice and support, whenever you need it. Their purpose is to guide you through the sometimes complicated world of contracting, and ensure you have everything you need from an accountancy point of view to run your Limited Company smoothly.

But where do you start?

Accounts is not all we do – we also have an [extensive range of free blogs, guides and calculators](#) that cover topics from maximising your take home pay and understanding IR35 to being your voice within the contracting community.

We also cover all the hot topics from HMRC and the Government which could affect you as a contractor. So you’ll always be up to date with what’s going on in your professional world.

How much could you earn as a contractor?



Try our free [take home pay calculator](#) to see how much you could be earning as a Limited Company contractor.



Take the leap into contracting with Intouch

[Contact our expert team today](#) to find out more about what else is included in our [all-inclusive monthly service](#).

We can't wait to start this journey with you.

Feel like you're being watched

Supervision, Direction or Control

What is supervision, direction or control (SDC)?

In tightening up the rules claiming tax relief on travel and subsistence expenses for Umbrella workers, HMRC focused on SDC. Control has long been an important part of the IR35 assessment process, but is by no means the only significant element.

SDC is a complicated subject, but one you should be familiar with (especially if you contract via an Umbrella company).

How are you affected?



Umbrella worker / Limited Company using a MSC

All Umbrella workers and Limited Company contractors operating as Managed Service Companies are automatically subject to SDC. In order to claim tax relief on mileage, travel and subsistence you must be able to prove you are outside of SDC.



Limited Company contractor

If you are a Limited Company contractor who's company is not deemed to be a MSC you can carry on as before, and are **not** affected by SDC. You are, however still subject to IR35 and should have your working practices reviewed to ensure you remain 'outside'.

Don't miss out – fully understand SDC



Don't be left in the dark when it comes to SDC. [Download our free ebrief](#) to fully understand how it affects you.

Alternatively [take a look at our infographic](#), for a quick understanding of what SDC is and why it's hard to avoid for Umbrellas and MSCs.



At Intouch Accounting, we work with contractors every day, helping them to understand their options, make the right decisions for their businesses and save money.

So speak to us about how we can help you reduce the administration burden.

- As a client of Intouch Accounting you can relax in the knowledge that we'll make sure your contractor business gets off to the right start and stays on the straight and narrow.
- At every step of the way you'll receive expert accountancy advice from your dedicated, specialist Personal Accountant, combined with our own contractor specific online accountancy software designed to make your life easier.
- We'll remind you when you need to send us information. We'll then process this on your behalf and, once you've confirmed it, send it to the taxman and Companies House on your behalf.
- And, for all of this, we charge you one [all-inclusive monthly fixed fee!](#)

[Speak to us today](#) about how we can help you be a contracting success.



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