

NEW CONTRACTOR WELCOME PACK

Welcome to Next Phase Recruitment

Whether you have been contracting for many years, or are completely new to the process you will likely have many questions; most of which we have tried to cover in this pack.

There is a lot of important information for you to digest but if you find you have any further questions please do not hesitate to contact our accounts department at accounts@nextphaserecruitment.com

or call us on 01403 216216

CONTRACTOR GUIDANCE ON IR35 (OFF-PAYROLL)

DO OFF-PAYROLL WORKING RULES ('IR35') APPLY TO YOU?

YES, IF ..

- You are based in the UK and provide your services to a client through a Limited Company.
- The end client has a UK connection; office or base in the UK.

WHAT IS A STATUS DETERMINATION?

- A status determination is an assessment that is done via the HMRC CEST tool to confirm if the role you are working is deemed Inside or Outside IR35.

WHO MAKES THE DETERMINATION?

The Client if they are classed as medium or large they will be responsible for determining whether or not you are 'inside IR35' or 'outside IR35'?

Your Limited Company if client is considered 'small' or has no UK connection

OUTCOME OF THE STATUS DETERMINATION

IF ASSIGNMENT IS DEEMED 'OUTSIDE IR35'

You are able to work via your Limited Company and will be issued an outside IR35 contract; between Next Phase and your Limited Company.

IF ASSIGNMENTS IS DEEMED 'INSIDE IR35'

You will be required to sign up with one of the Umbrella Companies on our PSL.

A contract will be raised between Next Phase and the Umbrella Company, and another between them and you.

INCORRECT DETERMINATION

When the client determines a role is 'outside IR35', they must ensure that 'reasonable care' was taken in making the decision.

If the client does not exercise reasonable care, the status determination statement will not be valid, and the client will be liable for the unpaid taxes.

If HMRC disagrees with the determination made, it can investigate and demand back payment of tax, as well as fines for late payment from the fee payer.

DETERMINING WHETHER THE ASSIGNMENT IS INSIDE OR OUTSIDE IR35

KEY CRITERIA ARE REVIEWS TO DETERMINE YOUR STATUS:

SUBSTITUTION

For a substitution to be considered valid, the right to supply a substitute must be a genuine one. This means that the client must agree to it in practice, the contractor must pay for the substitute, and it should be an unfettered right. An unfettered right of substitution means that a client must accept a substitute if the initial contractor is unavailable.

CONTROL AND DIRECTION

Both the written contract and working practices must show that the client had no influence over how the contractor performs their services.

FINANCIAL RISK

Contractors who do not take any financial risk, for example don't have to rectify poor quality services at their own cost, are more likely to be 'deemed employees' for tax purposes.

MUTUALITY OF OBLIGATION

It is an obligation between the parties to provide and accept work

FREQUENTLY ASKED QUESTIONS

I WORK FOR LOTS OF CLIENTS, DOES IR35 STILL APPLY?

The off-payroll working rules will still apply irrespective of how many clients and assignments a contractor is working on.

THE CLIENT DOES NOT UNDERSTAND/WILL NOT APPLY THE NEW IR35 RULES, DO I NEED TO WORRY?

Next Phase will ensure the client is made aware of their responsibilities and a determination will be made.

THE CLIENT IS BASED OUTSIDE OF THE UK, DOES IR35 APPLY?

Where the medium and large-sized private sector client is based wholly overseas and has no UK connection in the form of being a UK resident or having a permanent establishment, your limited company will remain responsible for deciding the contractor's employment status and whether IR35 applies.

CAN I BE INVOLVED IN THE CLIENT'S STATUS DETERMINATION?

It is expected that you will be involved to some degree in the client's status determination process. However, there is no statutory right for a contractor to be consulted during the status determination process.

I DO NOT AGREE WITH THE CLIENT'S STATUS DETERMINATION, CAN I APPEAL IT?

You can appeal a determination at any time up to when the final chain payment is being made for an engagement. The client must give a statement to the you that either the SDS is correct with reasons or give a new SDS, stating the date from which the client considers that the conclusion in the new SDS became correct and stating that the previous SDS is withdrawn.

The client has 43 days to do this.

WILL MY RATE BE AFFECTED BY THE NEW RULES?

If your assignment falls 'inside IR35' the take-home pay will be less than if you were paid as a Limited Company, as the Umbrella Company has a statutory duty to deduct the appropriate tax and NICs from your pay.

DO I GET EMPLOYMENT RIGHTS IF I AM 'INSIDE IR35'?

If you work via an Umbrella company, you are an employee of the Umbrella company and therefore you will not benefit from employment rights, however AWR will apply.

MY ASSIGNMENT IS FOR 2 YEARS – IS IT AUTOMATICALLY 'INSIDE IR35'?

The 24-month rule is in reference to claiming travel expenses. This rule has no bearing on the IR35 status of an assignment.

HOW DO NEXT PHASE SELECT UMBRELLA COMPANIES ON YOUR PSL?

Every umbrella company on our PSL has to pass annual due diligence processes and compliance reviews to ensure they adhere to all UK legislation.

WHY IS MY ASSIGNMENT RATE DIFFERENT TO MY GROSS PAY?

When you work through an Umbrella Company you are responsible for paying your employment costs; employers NI, holiday pay, apprenticeship levy & pensions contributions.

Your assignment rate is before these deductions are taken and your gross pay is after they have been deducted.

Your chosen Umbrella Company will provide you with an accurate breakdown of how your pay is calculated.

Next Phase endeavour to negotiate higher rates for inside IR35 roles to assist you employment costs.

Disclaimer:

This document is intended to provide general information only and does not constitute advice. It is not an exhaustive and complete reference document on this subject. Next Phase can take no responsibility or liability for the use of or reliance on the information contained within this document and you should always take separate professional advice.

Limited Company Documents

If you are deemed to be outside IR35, work in the UK and you have your own Limited Company we will need you to provide the following documents:

- Certificate of Incorporation
- VAT Registration (if applicable)
- Company Bank Details on headed paper from the bank
- Copy of valid Professional Indemnity cover, minimum £1M.
- Proof of home address Proof of your National Insurance number (if based in the UK)
- If working in the UK, evidence of Right to Work in the UK (Passport, Pre-settled/settled status, visa)
- Contact details for referees for 3 years of work and completed authorisation form – we will send this separately

To ensure you are able to start on the agreed date, we will need your documents as soon as possible after you receive an offer of a role.

Please forward all documentation to contracts@nextphaserecruitment.com who will be in touch if they require anything further from you.

Umbrella Companies

2024 APPROVED SUPPLIER LIST UK contractors only

If you are deemed to be inside IR35, or do not your own Limited Company you will need to sign up with an Umbrella Company from our ASL.

All Umbrella companies on this list are members of APSCo and/or **FSCA accredited**, which are requirements for inclusion onto our ASL. We are unable to work with any companies not included on this list, but should they have the above accreditation and/or membership we will be happy to include them in our annual review of this ASL.

Whilst we are happy to work with each of these companies, we are unable to recommend one over another and would suggest you contact each of them to find out which would be the best fit for you. They are listed below in alphabetical order: Danbro, Giant and NASA.

We would also recommend all new contractors working through umbrellas sign up to the Professional Passport contractor newsletter (www.professionalpassport.com).

The logo for DANBRO, featuring the word "DANBRO" in white, uppercase, serif font centered within a teal square background.

With 20 years' experience with contractors, agencies and end clients, you can rely on us to take care of your admin and pay you promptly. We act within the spirit of the law and have **FCSA accreditation** so will ensure your pay is dealt with in a compliant manner.

We're a family owned business who live by our strong values and care about our contractors. Our values reflect who we are and underpin the service we give you.

Regardless of your expertise or the sector you work in, we're here to help provide employment benefits and support your contracting career.

To find out more

<https://www.danbro.co.uk/services/employment-umbrella/>

Telephone : 01253 603478

Email : enquiries@danbro.co.uk

Website : www.danbro.co.uk

Weekly fee : £25.00

Monthly fee : £75.00





If you want professional independence with all the benefits of being an employee, an umbrella company is a good option. But not all umbrellas are the same! With giant umbrella you get **giant** advantage – our employee reward scheme – to save you £000s annually. It's one of the many reasons giant umbrella is voted Best Umbrella by readers of Contractor UK year after year, and RI Supplier Awards 'Best for Contractor Services' 2017.

Helping thousands of contractors with our 25+ years of award-winning experience, giant umbrella and giant accounts is bought to you by giant group. At giant group, we offer you compliance-driven global workforce management solutions using unrivalled technology and smart managed services.

To find out more <http://giantumbrella.com/umbrella.aspx>

Telephone : 0330 024 0946

Email : info@giantgroup.com

Website : www.giantumbrella.com

Weekly fee : £20.00

Monthly fee : £80.00



A low cost PAYE Umbrella Company to help you keep more of your money. Our Umbrella solution is online & streamlined to take the hassle out of being a contractor, so you can focus on what you do best - your job!

We provide a range of services to help with your payroll needs whilst contracting with a recruitment agency. With our low cost PAYE Umbrella Company, IR35 specialist LTD Company Accountancy and CIS Self-employed payroll, there is something for everyone.

At **Nasa** our knowledgeable staff are on hand to help with any questions you have and will liaise directly with your agency for invoicing and contracts.

To find out more <https://www.nasagroup.co.uk/umbrella>

Telephone : 01179 297683

Email : sales@nasagroup.co.uk

Website : www.nasagroup.co.uk

For contractors earning more than £12 per hour

Weekly fee : £12.50

Monthly fee : £55.00 (based on 4 weeks)

For contractors earning less than £12 per hour

Weekly fee : £10.00

Monthly fee : £45.00 (based on 4 weeks)



We believe we provide the best customer service and perks to those in need of employment solutions. We employ you, pay you, and sort out your tax and benefits, so you don't have to. You get consolidated, long term employment, covering multiple agencies and assignments. No more gaps, P45s or secondary tax. Even better, you'll love our perks pack - saving you thousands with leading brands - and helping with things like mortgages.

With industry leading solutions, and friendly experts only a call away, you're in great hands.

To find out more: <https://www.granite-bpo.com/why-use-us>

Telephone : 02080 363 936
Email : support@granite-bpo.com
Website : www.granite-bpo.com

Weekly fee : £12.00
Monthly fee : £30.00



Overseas Solution

2024 APPROVED SUPPLIER LIST Overseas contractors only

If you are based outside of the UK you will need to sign up with our approved overseas solutions provider – 6Cats International.



When we launched **6CATS** our aim was to become the first choice international contractor management company for recruitment agencies and contractors who want to work with a company they can trust and that offers complete compliance reassurance.

We offer solutions in more than eighty countries across Europe, the Middle East and Africa as well as further afield. Wherever you are contracting, we can normally support you with our service.

Our friendly and approachable team are always on hand to offer support and advice. With some of the most experienced professionals in the sector, we have a wealth of knowledge to draw on and can advise you on most aspects of working overseas.

To find out **more:**

Telephone : +44 207 374 6957

Email : info@6catsint.com

Website : <http://www.6catsint.com>

PAYMENT TERMS

We pay all our contractors on 30 day terms from the date your timesheet is processed on our system.

PAY RATE

Whenever we discuss your rate with you we will be talking about your Gross Rate.

- If you are a Limited Company contractor this will be the rate we pay your company
- If you are working via an Umbrella Company this will be the rate after any employer costs have been taken from you.

EMPLOYER COSTS

If you are working via an Umbrella Company you will be responsible for employer costs such as employer NI, pension, apprenticeship levy and holiday pay. Your Gross Rate is AFTER these deductions have been taken.

If you are working internationally your costs will depend on the solution offered via 6Cats.

TIMESHEET SUBMISSION

Once your start date has been confirmed you be set up on the relevant timesheet portal. Once set up you will receive an email with full details of how and when you submit your timesheet.

All timesheets have to be submitted within 3 days of the end of your payment period.

Once submitted your Line Manager will receive notification to authorise the hours. These will then be processed by Next Phase and payment will be made to your Limited Company or Umbrella Company within the 30 day terms.

OPT-OUT AGREEMENT

You will be sent an Opt-Out Agreement for your signature.

- If you are a Limited Company you will need to sign this to ensure you are not deemed an employee.
- If you are working via an Umbrella Company Opt-Out will be automatic when you sign your contract with them.
- If you are working internationally this document won't apply to you.

DISCLAIMER

This document is intended to provide general information only and does not constitute advice. It is not an exhaustive and complete reference document on this subject.

Next Phase can take no responsibility or liability for the use of or reliance on the information contained within this document and you should always take separate professional advice.