



**Next Phase**  
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# **WELCOME TO NEXT PHASE**

Whether you have been contracting for many years or are completely new to working as a contractor, it is normal to have questions about how everything works.

Next Phase are highly experienced in placing temporary workers at all levels. We are here to support you throughout the whole process and will be happy to answer any of your queries.

This pack covers the key topics and most frequently asked questions. If you have any further queries please do not hesitate to call us on 01403 216216 or e-mail our Accounts team at [accounts@nextphaserecruitment.com](mailto:accounts@nextphaserecruitment.com).



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## WHAT IS IR35?

UK tax legislation designed to stop contractors & businesses from avoiding paying the appropriate tax.

Inside IR35 – means you must pay the same tax as an employee (via an Umbrella Company).

Outside IR35 – means you pay yourself a salary and withdraw dividends from your Limited Company.

## IR35: DO “OFF-PAYROLL” WORKING RULES APPLY TO YOU?

### No, IF...

The end client has made an Inside IR35 determination;  
or

You provide your services to a client through an Umbrella Company

### YES, IF...

The end client has a UK connection, office or base in the UK and makes an Outside IR35 status determination;  
and

You provide your services to a client through a Limited Company.



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## 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 the client is considered 'small' or has no UK connection





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## **OUTCOME OF THE STATUS DETERMINATION**

### **IF ASSIGNMENT IS DEEMED 'INSIDE IR35'**

You will be required to sign up with one of the Umbrella Companies in our Approved Supplier List (see below).

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

### **IF ASSIGNMENT IS DEEMED 'OUTSIDE IR35'**

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

### **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.



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## **DETERMINING WHETHER YOUR ASSIGNMENT IS INSIDE OR OUTSIDE IR35**

### **KEY CRITERIA 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.



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## **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.



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## **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 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.





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## **HOW DO NEXT PHASE SELECT UMBRELLA COMPANIES ON THE ASL**

Every umbrella company on our ASL (Approved Supplier List) 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.



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## **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.



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# LIMITED COMPANY DOCUMENTS

If you are deemed to be **outside IR35**, 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**
- 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 [accounts@nextphaserecruitment.com](mailto:accounts@nextphaserecruitment.com) who will be in touch if they require anything further from you.

## **2022 APPROVED SUPPLIER LIST OF UMBRELLA COMPANIES**

If you are deemed to be inside IR35, or do not have 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](http://www.professionalpassport.com)).



# DANBRO

“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](mailto:enquiries@danbro.co.uk)  
Website: [www.danbro.co.uk](http://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](mailto:info@giantgroup.com)

Website: [www.giantumbrella.com](http://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](mailto:sales@nasagroup.co.uk)

Website: [www.nasagroup.co.uk](http://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)





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## **PAYMENT TERMS**

We pay all our contractors on 30 day terms from the date your timesheet is submitted onto the portal, please see the payment schedule included in this pack for more details.

## **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.





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## **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, or your payment may be delayed.

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 via DocuSign.

- 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.



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## **PAYMENT SCHEDULE**

Month	Month end date	Payment Date
January 2022	28/01/2022	25/02/2022
February 2022	25/02/2022	25/03/2022
March 2022	25/03/2022	29/04/2022
April 2022	29/04/2022	27/05/2022
May 2022	27/05/2022	24/06/2022
June 2022	24/06/2022	22/07/2022
July 2022	29/07/2022	26/08/2022
August 2022	26/08/2022	23/09/2022
September 2022	30/09/2022	28/10/2022
October 2022	28/10/2022	25/11/2022
November 2022	25/11/2022	23/12/2022
December 2022	30/12/2022	27/01/2023

\* If you submit your timesheet after the month end date but within 3 days your payment date will be 30 days from that date



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## CONTACT INFORMATION:

### Accounts Department

Email [accounts@nextphaserecruitment.com](mailto:accounts@nextphaserecruitment.com)

Phone 01403 216216

### Timesheet processing & InTime Portal queries

Email [nextphase@geniuspro.co.uk](mailto:nextphase@geniuspro.co.uk)