

Umbrella contractors: Change is coming...

Introduction

April 6 isn't just the start of the tax year, it also marks the beginning of major changes for anyone who contracts through an Umbrella company. If you're serious about contracting and have a day rate of approximately £130, then you really should be considering moving to Limited. This ebullet outlines what's to change and how you'll lose out.

Your professional life will change

In April this year:

- Your tax relief on travel and subsistence expenses will be restricted, where you are subject to supervision, direction or control (SDC)
- You'll automatically be deemed as subject to SDC by HMRC and your Umbrella must determine otherwise with the help of the client
- Greater compliance checks will be enforced
- Other expenses you claim will be taxed under PAYE
- By law you will have to submit a Self-Assessment Tax Return to obtain tax relief on other expenses
- Umbrella charges may increase to pay for the additional compliance

So what are your options?

- Be moved over into a Limited Company by your current Umbrella provider if (or when) they offer this service
- Run the risk of other untested models designed to avoid the changes
- Set up your own Limited Company
- Return to permanent employment
- Stay with your Umbrella and see if the model still works for you.

Where do you go from here?

If you need to discuss your options, then [speak to our expert team](#), who are on hand to advise what's best for you, your circumstances and whether setting up a Limited Company will benefit you in the long run.

Alternatively why not download our ebrief: [Limited Company vs Umbrella – which is the right choice for you?](#)

Did you know?

Umbrella workers' take home pay is under threat from increased taxation.