

HOW TO SET UP AS A LIMITED CONTRACTOR

Working via your own limited company is the most tax-efficient way for you to work, meaning you could take home up to 10% more when compared to an Umbrella (PAYE) paid contractor.

If you are being forced down the Umbrella payment route by your current recruitment agency or would just like to take home more of your hard-earned wages, our guide to going limited is the place to start.

STEP 1 FIND AN ACCOUNTANT



As a limited company you have to submit 3 key documents to HRMC each year. These are a personal tax return, corporation tax return and annual statement. An accountant will submit these documents on your behalf and will ensure you comply with taxation laws.

An accountant can also set up a company with companies house for you, and for those unfamiliar with running a business, this makes a lot of sense. Your accountant should let you know upfront how much they will charge for accounting services, but our existing contractors typically pay circa £740 per year.

STEP 2 REGISTER YOUR LTD COMPANY



To get started, you will need to form a new company via Companies House which is an inexpensive and quick process. You can incorporate directly with Companies House for under £12 (you can pay via credit card; debit card or PayPal and it normally takes around 24 hours).

Many contractors opt to leave the start-up process to an accountant, who can also undertake a number of other initial tasks, but this can all be done by yourself if preferred.

More information can be found at <https://gov.uk/topic/company-registration-filing/starting-company>

STEP 3 OPEN A BUSINESS BANK ACCOUNT



The money paid for your work should be paid into a totally separate UK business bank account and your salary paid from the business account. Some banks offer free accounts but you'll pay a transaction fee. Your accountant should advise you on this.

Many of our contractors use online banks such as Starling, Cash Plus or Tide.



Autotech Recruit
Libra Building, Linford Wood Business Park,
Sunrise Parkway, Milton Keynes, MK14 6PH

Tel: 01234 240503 | Email: hello@autotechrecruit.co.uk
Web: autotechrecruit.co.uk

STEP 4 PURCHASE PUBLIC LIABILITY INSURANCE



To work for Autotech Recruit via your own limited business your business needs to have public liability insurance with policy cover up to £5million.

This type of insurance will cover your newly formed company when working at our client sites in the event that a claim is made against you for injuries to third parties you may have caused. This doesn't cover for damage to equipment/property - Autotech has separate cover for this.

Everyone working for Autotech Recruit has access to insurance policy discounts (not just public liability- for any insurance you need!) via our partner Marsh Commercial. You can purchase a policy at a reduced rate by emailing autotech@marshcommercial.co.uk.

Typically, our contractors pay between £200-£250 per year for the Public Liability Insurance.

STEP 5 KEEP A RECORD OF INVOICES, EXPENSES AND WORK RELATED PURCHASES.



In order that your accountant can prepare annual accounts you will need to keep a record of all invoices and expenses for the business.

Some accountants will provide a spread sheet template for you to manually keep a record of all invoices and expenses, but these days, specialist providers will provide an online system to simplify these tasks for you.

STEP 6 UNDERSTAND IR35



As a limited business contractor, you need to be aware of the off-payroll working rules (IR35). If you undertake contract work via your own limited company, it's essential that your working practices and contract wording demonstrate that you're truly 'in business on your own account', rather than merely a disguised employee. This sounds daunting but it really isn't.

The good news for you as an Autotech Recruit contractor, is that we have worked very hard with our clients to ensure our clients understand IR35 and as a result 99% of our clients have formally assessed the role of Vehicle Technician and MOT Testers as "outside IR35", meaning when working through Autotech Recruit, you can operate under your limited business as usual.

STEP 7 SPEAK TO US



Finally, if you are already working for Autotech Recruit, don't forget to tell us if you switch over to a Limited company because we need to make sure you get paid the right way

If you need more information or further guidance, we have experts internally who can help and guide you in making the right decision for you.

Just call us on 01234 240503.



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