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Guide to Limited Companies



Your Own Limited Company

This used to be the preferred option for the majority of contractors and was used as a way of minimising their tax and National Insurance liability. This was achieved by the money being released from the company via both salary and dividends. As a general rule the contractor would pay themselves a low salary and then release the remaining capital as a dividend. It is mainly down to this way of operating that the HMRC brought out IR35 as they felt that a lot of contractors and freelance professionals were not paying the correct level of tax and NIC's. It is now only recommended that you operate in this manner if you are 100% certain that your contract is outside of IR35.

As a Director of your own Limited Company you have a very high level of responsibility to ensure that everything is completed correctly and on time or risk facing the wrath of the HMRC.

It is important to remember even when companies help to set up and take care of the administration, when you are a Director of your own Limited Company the buck stops with you. It is worth examining your employment status against IR35 before setting a Limited Company up.

Limited Company Versus MyPay

MyPay offers numerous benefits for contractors and freelance professionals over that of a Limited Company.

- ◆ **More free time as all your administration is taken care off**
- ◆ **Peace of mind of knowing you have no risk of IR35 or MSC legislation**
- ◆ **Flexibility of coming in and out of contracts without having to do year end accounts**
- ◆ **Lower fees**
- ◆ **No tax bills at the end of the year**
- ◆ **No need to set up a business account**
- ◆ **And many more**

It is only if you are 100% certain your contract is outside of IR35, that you are in a long term contract and are adept at completing paperwork accurately and on time that a Limited Company would be beneficial. If however you have any doubts over your long term future or IR35 status or do not feel comfortable with the large amounts of paperwork and responsibility then MyPay would be a preferential option.

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Moving from Limited Company to MyPay

This is very easy to do. Simply contact one of our advisors by telephone or email and they will talk you through everything you need.

We would then get in contact with your agency on your behalf (it is advisable to drop them an email to let them know). We will then arrange everything direct with the agency, this is all normally completed within 1 business day, so you can start benefitting straight away.

As you have a Limited Company you will still need an accountant to complete the end of year accounts, once this has been completed you can either close the company or make the company dormant.

Talk to us

If you have any questions, why not ask the MyPay team.



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