



TRUST • CARE • COMPLIANCE

Limited Company Service Guide

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Is a limited company right for you?

As a contractor you have the opportunity to take home more of your income each month, but it's important to make the right decision about how you achieve that aim.

Get it wrong and you could be facing a mountain of paperwork or even a fine from HMRC. Get it right and you can enjoy higher returns and a life free of administrative stress.

ICS Accounting Ltd specialises in providing individual accountancy, tax advice and administrative services to professional contractors.



This guide is intended to help you make the right decision by providing you with clear and honest advice about your options. We also offer a free phone number – **0800 195 3750** – which you can call at anytime to speak in confidence with one of our specialist consultants or accountants.

We will never pressure you into making a decision, because we believe that presenting you with all the facts up front is much more likely to lead to a longer term relationship.

Limited Company vs. Umbrella Company

A limited company is often considered the most prudent option if you are outside of IR35 (although it can also be an option if you *are* within IR35), as in many cases you will take home a greater proportion of your income than through an umbrella company. This is because you can benefit from the Flat Rate Vat Scheme, lower National Insurance contributions, and the option to claim back tax on a broader range of business expenses.

The following table is a guide to show how much you could potentially take home through an Umbrella Company compared to a Limited Company. In order to discover the best solution for you, however, we strongly recommend contacting us for a discussion and an individual quote based on your specific circumstances.

We offer a free IR35 status review, which may be useful in your decision-making and we would be happy to discuss your general contracting needs and requirements. Simply call our team on freephone 0800 195 3750 or email info@ics.me.uk.

Daily Rate	Umbrella Company Monthly Net Pay	Limited Company Monthly Net Pay	Monthly Saving with Limited Company
£100.00	£1,152.40	£1,672.56	£520.16
£200.00	£2,171.52	£3,305.97	£1,134.45
£300.00	£3,191.04	£4,537.17	£1,346.13
£400.00	£4,210.56	£5,768.37	£1,557.81
£500.00	£5,229.67	£6,999.57	£1,769.90
£600.00	£6,249.19	£8,230.77	£1,981.58

Calculations based on a 20 day period, on a 747L tax code with no expenses.

Go solo or work with an accountancy company?

If you choose the limited company option then the first decision is whether to go it alone or work with an accountancy and administration company like ICS Accounting Ltd. The benefit of doing it yourself is there may be less to pay, but the downside is that you will have to grapple with mostly mundane and often quite complex paperwork and processes.

Many contractors choose to work with an accountancy company because it leaves them with the time to focus on their work and family life, without the need to worry about invoices, tax returns, IR35, professional indemnity and other matters that many think are best left to qualified accountants and administrators.

If your time is valuable and your interest in accountancy is limited then working with a limited company service provider is probably the right choice for you.

Which limited company service provider?

Almost any firm of local accountants can help you to set-up a limited company for a fee, but they will almost certainly not have the specialist knowledge required to ensure you are compliant with specific contractor legislation such as IR35 and MSC.

Every specialist provider offers a slightly different range of services and pricing structure. This can make choosing the right one difficult.

To help you decide we have detailed exactly what you get for your monthly fee with ICS Accounting on pages 4-6. We have also included a Frequently Asked Questions section at the end which we hope is useful.

Why ICS Accounting Ltd?

ICS is led by two guiding principles: *care* and *compliance*. We make sure we get the basics right – from ensuring you are paid the correct amount at the right time, to being available when you need any advice.

Our team of experts in employment and tax law includes a leading London QC and we are in regular contact with one of the 'Big Four' accountancy firms to ensure full compliance with all current regulations, including IR35 and MSC legislation.

We offer a number of inclusive services that you may not find elsewhere, including free IR35 reviews and professional indemnity. Unlike some providers, ICS is run by chartered accountants with many years of experience in the contractor marketplace.

Benefits of choosing our Limited Company Service

- **Free IR35 review**
- **Transparent charging structure**
- **Tax returns completed on your behalf**
- **Accountancy support from our qualified team**
- **Free independent confidential financial advice**
- **Direct dial helpline for any questions**
- **Professional Indemnity Cover**
- **Comprehensive liability insurance for your company**
- **Business expenses compliance guidance**



Limited Company Service Price Menu

Feature	Lite	Plus	Pro
Company Incorporation	£75	£40	FREE
Personal account manager	✓	✓	✓
Unlimited phone and email support	✓	✓	✓
Online portal to access your information 24/7	✓	✓	✓
Access to compliance experts including IR35, AWR, MSC	✓	✓	✓
Award-winning back office support	✓	✓	✓
Pay calculation with same day processing	✓	✓	✓
Raising and chasing of invoices on your behalf	✓	✓	✓
Recording of receipts	✓	✓	✓
PAYE registration	✓	✓	✓
PAYE calculation (due to HMRC)	✓	✓	✓
PAYE year end completion of P35	✓	✓	✓
Output calculation for VAT return	✓	✓	✓
Registration for VAT Flat Rate Scheme if required	✓	✓	✓
Compiling of annual accounts spreadsheet	✓	✓	✓
Free contractor guides to keep you informed	✓	✓	✓
Access to contractor financial products with ICS Money	✓	✓	✓
Assistance with bank account opening	✓	✓	✓
Public liability and personal indemnity insurance		✓	✓
SMS alerts so you know when you've been paid		✓	✓
Completion of quarterly VAT return		✓	✓
Completion of monthly PAYE return		✓	✓
Expense guidelines advice		✓	✓
Completion of annual return		✓	✓
Completion and filing of year end accounts		✓	✓
Completion of corporation tax return		✓	✓
Completion of director's self assessment tax return		✓	✓
Quarterly management accounts			✓
Priority status for statutory account completion and filing			✓
Quarterly tax advice from our in-house accountant			✓
Loyalty discount scheme			✓
Package Price	£23 per week or £90 per month plus VAT*	£32 per week or £125 per month plus VAT*	£41 per week or £160 per month plus VAT*

Frequently asked questions

Below are the most frequent questions we are asked about our Limited Company Service. If you have any additional questions or require any other help or guidance please do call us free on 0800 195 3750 or email info@ics.me.uk

Why set up a Limited Company?

Setting up and running your own limited company, where you become a director and shareholder, is often the most tax efficient way of working and has a number of advantages.

- Retain complete control over your financial affairs
- Protect your company name so no other company can use it
- Give your suppliers and clients a sense of confidence in your business.



Contrary to general belief, running your own company is not difficult and, with the assistance of our experienced and knowledgeable team, it is no more challenging than any other form of trading - so by utilising our services you can enjoy the benefits of running your own limited company, without the organisational headaches.

How do I get started?

If you've made the decision to contract under your own limited company, with ICS you will be allocated a personal account manager who will be happy to guide you through the application process and answer any questions you may have.

If you return your completed and signed questionnaire we will send your Limited Company Service pack containing your company registration and company bank account documents. If you already have a limited company, please let us know.

ICS Accounting Limited will make this as straightforward as possible by providing the necessary support to enable you to undertake your work without distraction.

What is IR35?

IR35 legislation was introduced by the government in April 1999 to eliminate the avoidance of tax and National Insurance Contributions (NIC) through the use of intermediaries, such as Personal Service Companies or partnerships, in circumstances where an individual worker would otherwise be regarded as an employee of the client for tax and NIC purposes.

What is the Flat Rate VAT Scheme?

The scheme was introduced by HMRC in 2002 to simplify paperwork for small businesses when accounting for VAT. Limited companies that turn over less than £150,000 (excluding VAT) in any financial year are eligible for the scheme.

It means that contractors can charge clients VAT as normal but when they come to reconcile their VAT, they pay HMRC a percentage of turnover, rather than calculating the VAT on all purchases.

Contractors who work working through limited companies and who opt for the flat rate VAT scheme can significantly reduce their administrative burden and, in some cases, even end up with a cash surplus.



What are the financial benefits?

- You can claim a wider range of expenses
- There is a greater opportunity for tax planning
- You have access to the Flat Rate VAT scheme
- Faster payment and administration process

What are my responsibilities?

Limited companies have certain responsibilities, including registering with, and submitting annual accounts to, Companies House along with an annual return updating your company details.

Your company must have at least one director, whose job is to make sure the company is run in accordance with company law.

Please speak to your personal account manager if you have any questions regarding your obligations or responsibilities as director of your limited company.

Can I pay myself dividends?

Yes, the net profits of a limited company can be distributed to its shareholders in the form of dividends. Dividend income is not subject to National Insurance contributions and will be tax free if you are a basic rate tax-payer.

You will pay 25% income tax on the amount of dividend income

received above the basic rate tax threshold.

As owner of your company, it is entirely up to you how you choose to take funds from the business.

What expenses can I claim?

We will provide you with an Expense Claim form and an Expenses Policy to highlight the most common expenses that can be incurred by your business and to ensure expenses are claimed correctly, avoiding any potential personal tax charges.

Please note that when operating through your own limited company, it is important to record all necessary expenses and it is your responsibility to ensure that any expense claims and receipts are submitted in a timely manner.

What insurances will I need?

Comprehensive insurance is a wise investment for any business. Included as part of our popular Plus and Pro services, ICS Accounting is pleased to provide you with the following range:

- Employers' Liability insurance up to £10,000,000
- Public Liability insurance up to £2,000,000
- Products Liability insurance up to £1,000,000
- Professional Indemnity insurance up to £1,000,000

What if I decide to go permanent?

We can assist you in closing your business. Alternatively, you can leave your company dormant in case you return to contracting and we will handle the necessary administration.

If I stop contracting, do I still have to pay?

Unfortunately yes, because our fees are based on a fixed annual amount for the work we undertake for you, which is agreed in advance when you sign-up with us. Rather than take an upfront payment for the year, we break the payment down into 12 monthly instalments.

How do I open a bank account?

We will provide you with all the necessary details to open up your company bank account, unless you already have one. Please contact us for further information.

Do I need to register my company for VAT?

You must register for VAT if your taxable turnover reaches more than £67,000 within 12 months.

At ICS, our service to you includes your application for VAT registration and submission of your quarterly VAT returns.

Will I need to complete a tax return?

Yes, the UK tax year runs from the 6th April to 5th April the following year.

If you use a tax agent to lodge your self assessment tax return, you have until 31st January of the following year to pay any tax which may be owing to you.

To facilitate completion of your Self Assessment Tax return, we will provide you with the following information:

- P60 – showing gross salary and tax deducted up to 5th April of that year
- P11D – showing expenses and benefits

We will also complete your Self Assessment Tax return on your behalf under the Plus and Pro services.

