

**NEWSLETTER SPONSOR**



RACS Group excels in offering contractors a variety of different payroll solutions to suit your individual needs and requirements. Umbrella, Own Limited, PAYE and CIS services make up a complete portfolio with RACS Group.

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## New Contractors Opinion Poll Launched



The first Contractors Opinion Poll provided us with some really useful information. The responses helped shape our agenda for 2010 and we have been working hard to progress the main items.

The General Election result could represent a real opportunity to influence the future direction of the market and provide a platform for significant change.

To maximise this opportunity we have launched a new Contractors Opinion Poll to gather further information from contractors on views and general working practices. This new information, together with the responses from the previous poll will provide us with a significant level of real data that can be used to influence change.

It is important that as many contractors as possible get involved to make the results hold the weight that is required to influence these changes.

Our agenda is formed entirely around what our members tell us they want so make your opinions count by taking two minutes to complete the poll.

It could be a significantly long period of time before this sort of opportunity presents itself again so don't delay.

## Party Manifestos - Disappointing For Contractors

With all the Party Manifestos now published contractors have a right to feel somewhat disappointed.

Following all the recent press coverage on the commitment made by the Conservatives to review IR35 there was no specific mention of this included anywhere in the manifesto. They do however commit to setting up an Independent Office of Tax Simplification to suggest ways of reforming the current tax system; perhaps an IR35 review would be part of this new body's remit.

The Conservatives have also committed to cutting the small companies' rate of corporation tax to 20p.

As has already been widely reported they will also reverse the one percent national insurance rise due in 2011.

The Conservatives have also stated that they "will give the public the opportunity to force the worst regulations to be repealed"; unfortunately there are no details on how this would work in practice.

continued on page 2 >

## Support our Work

### Become a member of Professional Passport

Membership starts at just £25.00 (+VAT) per annum and provides a wide range of benefits.

Membership fees support our work with government and future developments of our services and website.

### Got an issue and need to talk to a real person?

Our members helpline provides one to one support covering a wide range of issues. This service is available to our Professional Members

### Umbrella or Limited?

Our assessment reports will help you decide on the most appropriate route for you; providing a bespoke report based on your circumstances.

< continued from page 1

The Liberal Democrats have no specific pledges directed at the contracting sector although they do make broader claims in a number of other areas:

Remove tax on the first £10,000 earned

To set National Minimum Wage at the same level for all workers over 16 years of age, except those on apprenticeships

Reverse the National Insurance rise “when resources allow”

Name blind job applications to reduce sex and race discrimination

Reduce the burden of red tape and bureaucracy in legislation by assessing the cost and effectiveness of regulation before and after introduction

An end to gold plating of EU rules so that British Businesses are not disadvantaged relative to their European competitors

Labour is the only party that makes any reference to the sector with a repeated commitment to the Agency Workers Regulations.

There are a range of other broad commitments made including:

Continue with the 50p higher rate of tax on incomes over £150,000

Continue with the National Insurance increase

Introduce a 50p a month levy on all landlines to fund high speed broadband development across the country

Early responders to our COP indicated that they felt the Conservatives were the party that best understood the contracting market and were the most likely to bring about positive change. Following the first Leaders Debate those responding changed this position with all new responses now selecting the Liberal Democrats.

## IR35 - Abolish, Review or Do Nothing?

Professional Passport does not support the calls for IR35 to be abolished as we have reported in a number of our previous newsletters. We have been working hard in the background to present our position to the main political parties, based on feedback from contractors responding to our first Contractors Opinion Poll, and the message now seems to be getting through.

As reported on Contractor UK, an official of the Conservative Party has confirmed that simply scrapping IR35 will not resolve the issues and would be taking a similar approach to the current Government which has failed. They have confirmed that a review is required and a longer term view needs to be taken.

This clarification aligns to the message we have been taking to the political parties and we believe presents the best opportunity for finding a long term workable solution for the market.

continued on page 3 >

## Are you paying too much for your PI insurance?

Our members scheme will save you money. You only pay whilst you are on active contract.

## IR35 Concerns?

Have all your contracts reviewed for a fixed fee; providing a conclusions report to protect you from IR35 penalties.

## Have your say in defining a Professional Contractor

Give us your thoughts and feedback on defining a Professional Contractor.

We do not collect any personally identifiable data on the feedback form.

## Join our Network on LinkedIn.com

Join our network on LinkedIn to keep up to date with the latest news and topical issues.

< continued from page 2

We are suggesting that clear rules are put in place to identify and segment professional contractors from the rest of the market. Where a contractor meets the definition of a professional contractor they should be removed from legislation such as IR35, Agency Workers Regulations and The Conduct Regulations. They should also be treated in the same way as every other small business operating in the UK.

This approach provides the professional contractor with real commercial advantages in the market. It makes them easy to deal with from a recruitment company perspective as well as removing many of the fears that end clients perceive when engaging contractors.

You can help us develop these proposals and provide the weight of feedback required to stand a real chance of success by providing your views through the form available on our website.

**You can access the feedback form for Defining a Professional Contractor here.**

You can also help by completing the current Contractors Opinion Poll.

**You can complete the Contractors Opinion Poll here.**

This will only take a couple of minutes of your time and collectively will provide the hard evidence needed to influence these changes in a positive way.

One of the issues faced by the market is the lack of available data to support arguments; our first COP provided a good depth of real data and together with the new poll will help support the arguments and provide clear evidence on the need for change.

## Reducing Red Tape and Bureaucracy

All of the political parties are highlighting the need to reduce costs and simplify legislation; removing unnecessary red tape and bureaucracy, therefore removing many of the administrative burdens currently faced by many businesses operating in the sector.

We believe that a more joined up approach across many Government Departments needs to be achieved providing uniform standards and clear guidance.

We are supporting this message with real examples of where this can be achieved within the contracting market.

Identity, Right to Work and Visa checks are a good example where the process and rules are more aligned to a traditional employer employee model and present significant difficulties in the contracting market.

Simplifying these rules and providing an approach more aligned to the new business structures would not only reduce costs to business but also in many cases enhance the robustness of compliance in this area.

Ensuring legislation is aligned more accurately to the target audience will also provide a simplification of processes to business; whilst at the same time reducing costs.

continued on page 4 >

## Can't decide on umbrella or limited?

Our Beginners Guide to Operating Structures will help you understand your options.

## What returns can you expect?

Use our earnings calculators to get a true comparison across the operating options available to you.

## Trying to understand IR35?

Our Beginners Guide will help you understand the key points. It's written in plain english with clear guidance and links to many support tools available.

### Useful Links

[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

[www.icaew.co.uk](http://www.icaew.co.uk)

[www.lawsociety.org.uk](http://www.lawsociety.org.uk)

[www.shout99.com](http://www.shout99.com)

[www.contracteye.co.uk](http://www.contracteye.co.uk)

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The costs of enforcing much of the complex legislation is significant. The returns often fall well short of the cost of enforcement; a good example being IR35. Furthermore over recent years we have seen many Government Departmental budgetary cuts resulting in a lack of effective enforcement of the legislation and as a result a significant reduction in compliance.

Applying further layers of legislation seems a fruitless and pointless exercise when much of the existing legislation, if enforced, would suffice.

This is the clear message we are taking to the political parties and will keep our members updated on progress.

## Agency Timesheet Commissions

As we reported in our last Contractor Intell Newsletter the practice of recruitment companies taking commissions from umbrella providers is becoming increasingly wide spread.

These commissions, based on every time sheet submitted by contractors through their umbrella, are resulting in increased charges to the contractors.

Our primary issue with these commissions is the lack of transparency of the arrangements and contractors being forced to

select providers based solely on the commissions paid to the recruitment companies.

As a direct result of our highlighting this issue we are aware of a number of recruitment companies that have now reviewed their processes and procedures to stop this practice.

Professional Passport and its recruitment company members do not take any commission from any of our approved providers where you select to use their services.

We recommend that contractors who are not operating with one of our recruitment company members check with both the provider and recruitment company to confirm any commission arrangements that are in place.

Some of these commissions are significant; we have seen examples of up to £60.00 per month, and ultimately it is the contractor that carries these increased costs.

If you have real examples of recruitment companies who are taking these commissions please get in touch with us using the contact us link on the web site.