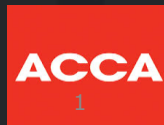




NumberMill

Accounting, Refined

Louise Rayner presents to Recruitment International Work Force Conference
28 March 2017





Agenda

- **IR35** – What does April 2017 legislation do to Agency Margin & Contractor Income
 - PROTECT “Fee Payer” Solution
- **LATEST TRENDS** in umbrella & accountancy services sector, since salary sacrifice & T&S legislation – Based on survey
- **OUR RECENT HMRC MSC inspection**
- **Flat Rate VAT April 2017 –**
 - What does this do to Contractors on deemed salary models
 - Gold Book-Keeping Solution
 - What does this do to aggressive Sham Company Models?
 - Paye Contract For Services for low paid



What does IR35 new legislation mean £ ?

Daily rate	Gross Per Annum	PSC Take Home	Umbrella Take Home	Contractor Worse Off	Lost Agency Margin if PAYE
£200	£50,400	£40,925	£33,113	-£7,812	-£11,947
£300	£75,600	£56,045	£45,965	-£10,080	-£18,466
£400	£100,800	£69,804	£58,817	-£10,987	-£24,985
£500	£126,000	£83,614	£70,308	-£13,306	-£31,504
£600	£151,200	£97,373	£80,035	-£17,338	-£38,023
£700	£176,400	£111,132	£92,434	-£18,698	-£44,543
£800	£201,600	£124,690	£104,177	-£20,513	-£51,062
£900	£226,800	£137,340	£115,920	-£21,420	-£57,581
£1,000	£252,000	£149,940	£127,613	-£22,327	-£64,100



PROTECT “Fee Payer Solution”

Public Sector/Private Sector

Agency

NumberMill PROTECT (fee payer liability)

Paye

Umbrella

PSC

Worker

**Option 1) Engage NumberMill Accounting
and get IR35 advice**

Option 2) Engage other accountant





PROTECT Benefits

AGENCY

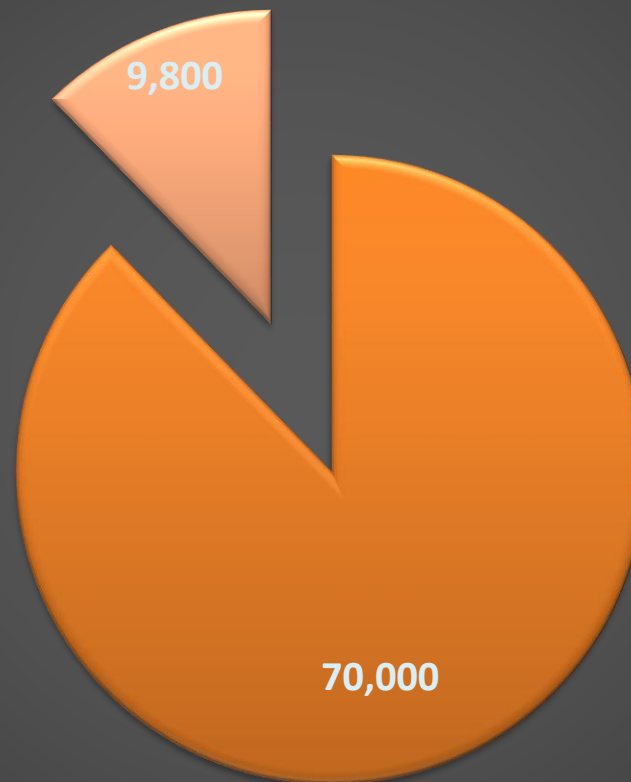
- Maintain Margin
- Whilst maintaining contractor take home
- Consolidated Invoice
- Removes Agency Liability
- Insurance
- One Stop Shop - Choice of services

CONTRACTOR

- Best chance of maintaining take home & PSC Status
- IR35 assessment & reassurance
- Qualified ACCA IR35 specialists
- Challenge Public Sector
- PI/EL/PL Insurance included
- Choice of services

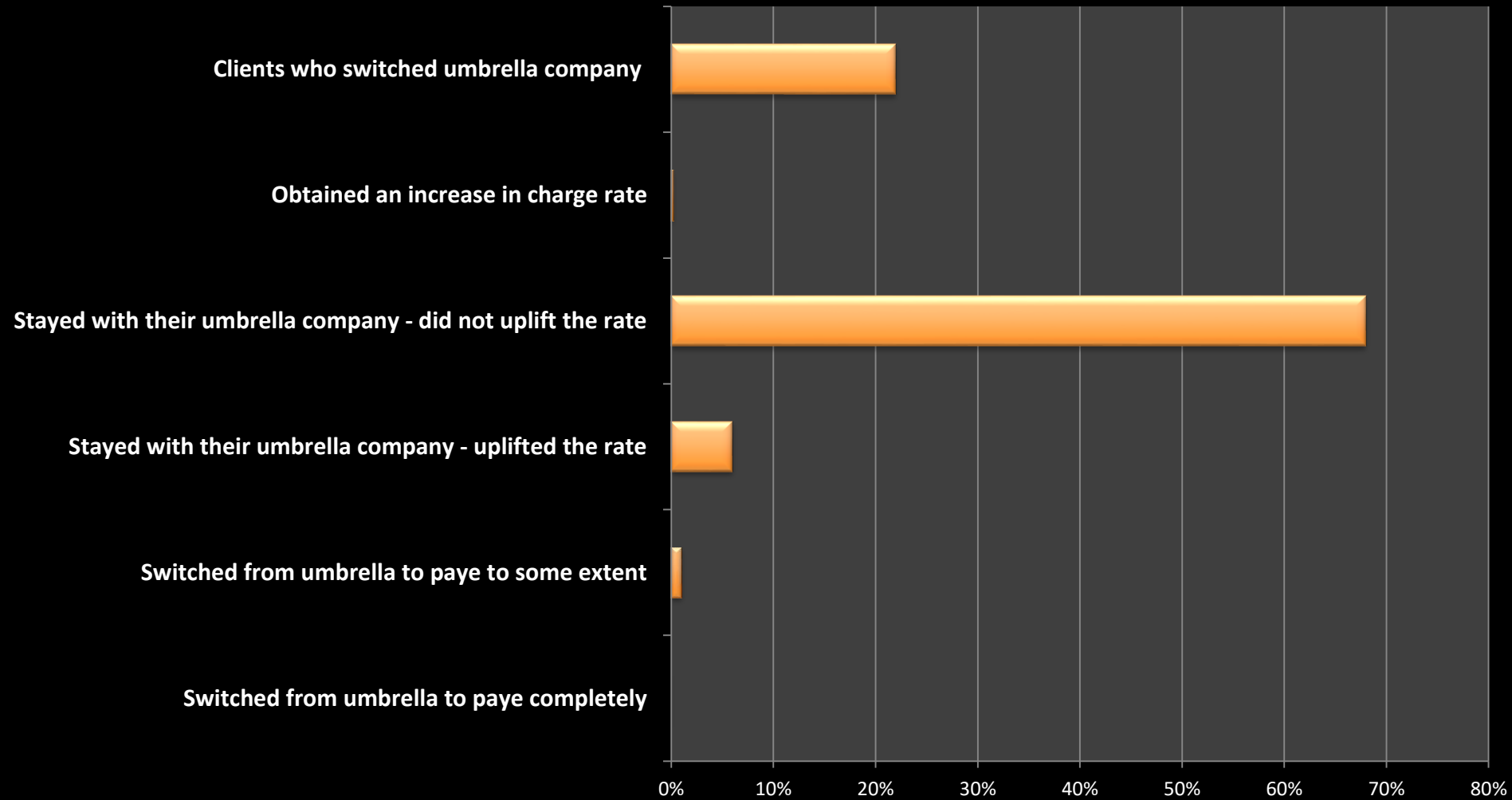


Client population that took part



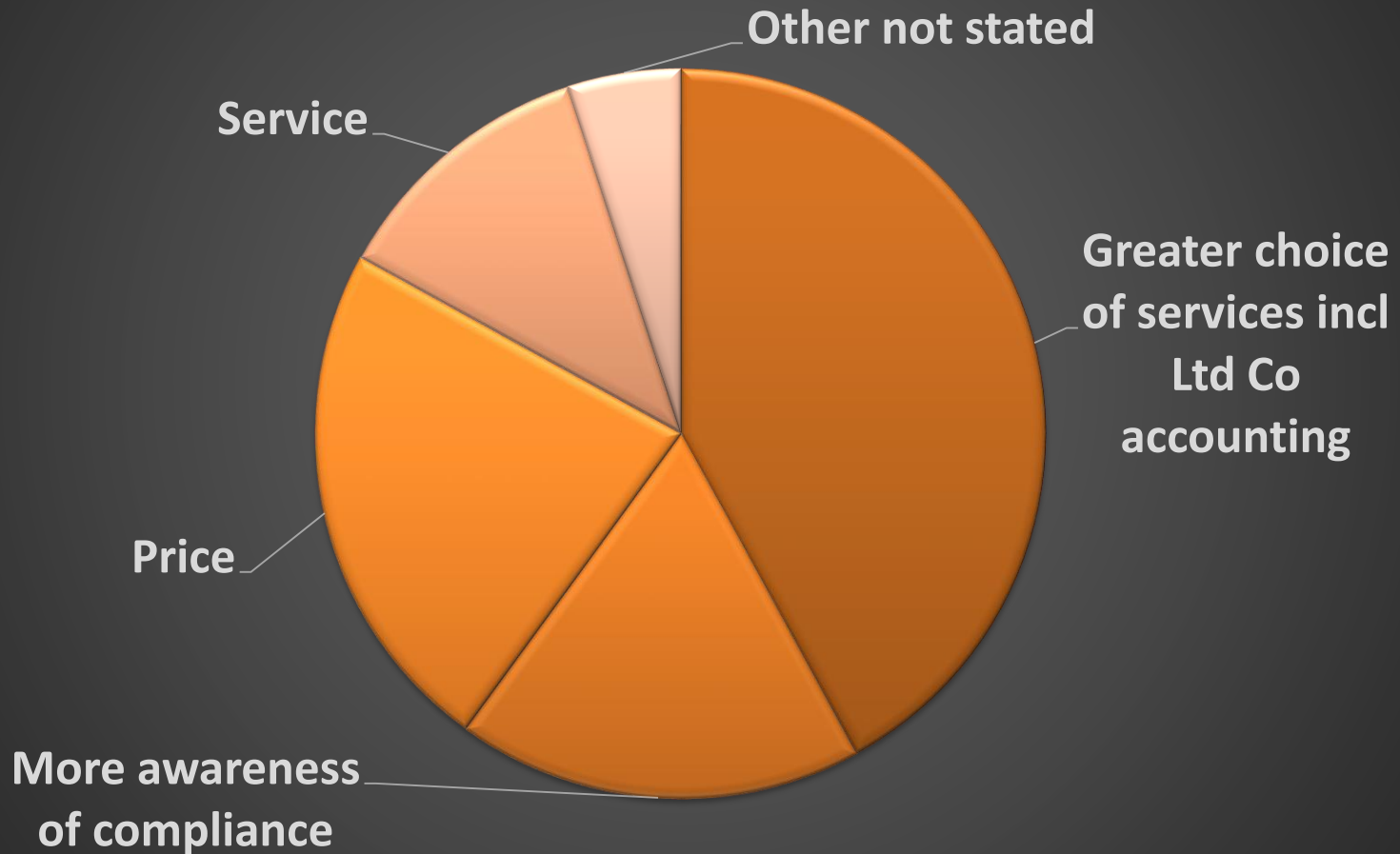
■ Client population - number of contractors

■ Client population that took part





Reasons for swopping – number 1 reason





Our Recent HMRC - MSC inspection

- Looking for Over Dominant Influence over contractors – Costelloe Business Services case
 - Shell company arrangements
 - Misuse of FRS funds
 - Offshore Directors
- How did we demonstrate non MSC and protect our Agencies and Contractors
 - ACCA Professional Adviser Exemption
 - Contractual separation of NMill companies
 - Behaviour of Accountants
 - Paperwork trail
 - Engagement letters, HMRC 64-8
 - Transparency re Charges
 - Choice of services
 - ACCA Client bank account
 - Telephone recordings
 - Review of rebate arrangements



Flat Rate VAT Impact – Deemed salary and sham company arrangements no longer work!

NumberMill have a service which still works!

CONTRACTOR RATE	GROSS PAY	PAYE	DEEMED SALARY MODEL TAKE HOME 2016/2017	DEEMED SALARY MODEL TAKE HOME 2017/2018	CONTRACTOR WORSE OFF	BOOKKEEPING GOLD TAKE HOME 2017/2018
£9	£450	£335	£400	£388	-£12	£394
£12	£600	£437	£495	£478	-£17	£490
£15	£750	£531	£590	£568	-£22	£602



Conclusion

- Trusted agile accountancy and umbrella partners more important than ever!

- Lots of confusion
- Black market differentiation
- Concern that IR35 Off Payroll will ultimately affect
- Flexible workers worse off – Stealth tax
- Agency margin squeezed
- Potential Increased client costs
- Unnecessary swings to umbrella and paye in the Public Sector
- Un-level playing field worsened due to aggressive schemes popping up – mostly based on FRS Vat
- Umbrella margins squeezed
- Umbrella companies liquidated leaving HMRC liability
- Some consolidation in the umbrella/accountancy service market