


# Umbrella or Limited Company

## Which is better for me?

**cinch**

We see to it.

| Umbrella                              | Limited   |
|--|--|
| <b>PAPERWORK / ADMIN</b>   |  |
| There's very little admin, just submit your timesheets and log your expenses claims.                                   | There is around 30 minutes of admin per month to do, for which you are responsible. Your accountant will help you with this.   |
| <b>HOW DOES IT WORK?</b>   |  |
| Your agency will pay us, the umbrella company, and then we as your employer pay you.                                   | Your agency will make payment directly into your company bank account for which you are responsible. Your accountant will assist with your bookkeeping.                |
| <b>HOW IS TAX CALCULATED?</b>  |  |
| As an employee of the umbrella you pay employee tax and NI which is calculated and paid across to HMRC on your behalf. | As a company director you set your own salary and dividend amounts. Any tax due will be advised by your accountant so that you can make the relevant payments to HMRC. |

## In Brief...

The Umbrella option may be best for you if:

- Your rate of pay is less than £15ph
- You're not sure how long you are going to be contracting
- You want a quick set up ready for payment
- You're completely new to contracting
- You don't want any paperwork

A Limited company could be best if:

- Your rate is above £15ph
- You intend to contract for at least 12 months
- You fall outside IR35
- You have been contracting for some time either on your agency's own payroll or through an Umbrella Company
- You are comfortable doing around 30 minutes admin per month

For more information, say hi to our New Starter Team on 0114 478 9351 or [newstarter@thecinchgroup.com](mailto:newstarter@thecinchgroup.com)

