



# Your Guide To Working In The Public Sector

From April 2017

**Danbro** – the UK’s trusted provider of accountancy and payroll solutions for contractors, freelancers and business owners.

Delivering a full range of compliant, hassle free solutions that you can rely on.

**What you’ll find in this guide:**

1. What’s changing?
2. Do these changes apply to me?
3. How do I know if I’m working for a public sector body?
4. What are my options?
5. What will I earn in light of these changes?
6. Why choose to work through an Employment Business (Umbrella)?
7. If I work through an Employment Business, what would I do with my Limited Company?



## 1. What's changing?

From April 2017, the rules for working in the public sector will change. This change in legislation has been called 'Off-Payroll' working as it applies to those working within the public sector, who are not directly employed or on the payroll: contractors, freelancers and business owners. The changes have been made to ensure that individuals working through their own Limited Company, but operating "within IR35", pay employment taxes in a similar way to employees.

The main changes are:

### Assessment of IR35

- The test for Employment Status (IR35) is changing and the government expect that **90%** of those working 'Off-Payroll' in the public sector will now be found to be within IR35
- You will no longer assess the IR35 status of your assignment; this will be decided by your end-client. HMRC are releasing a tool prior to April to help end-clients assess IR35 status

### Working within IR35

- If you are assessed as within IR35 you will no longer be able to claim Travel and Subsistence expenses
- All contract income will be subject to Tax and National Insurance (NI)
- Tax and NI will be calculated and deducted by the end-client or your recruitment agency, and you will receive a net salary into your Limited Company
- The 5% tax allowance, currently allowable for business running costs, will be removed

*Please note that these changes will apply for all assignments being carried out from April 2017, including those that commence before this date. It will also apply to any payments made after the 5th April 2017, even if the work was completed prior to this date.*



## 2. Do these changes apply to me?

### The new provisions apply when:

- a. The end-client you work for is a public authority (public sector body)
- b. You personally provide services, or are under obligation to personally provide services, to the end-client
- c. The services are provided under circumstances where, if the contract had been directly with the end-client, you would be regarded by HMRC for Income Tax purposes as an employee i.e. you are within IR35

***Please note that these changes do not affect those working in the public sector through an Employment Business (Umbrella) where Tax and NI are already paid.***

## 3. How do I know if I'm working for a public sector body?

### Some examples of public sector bodies are:

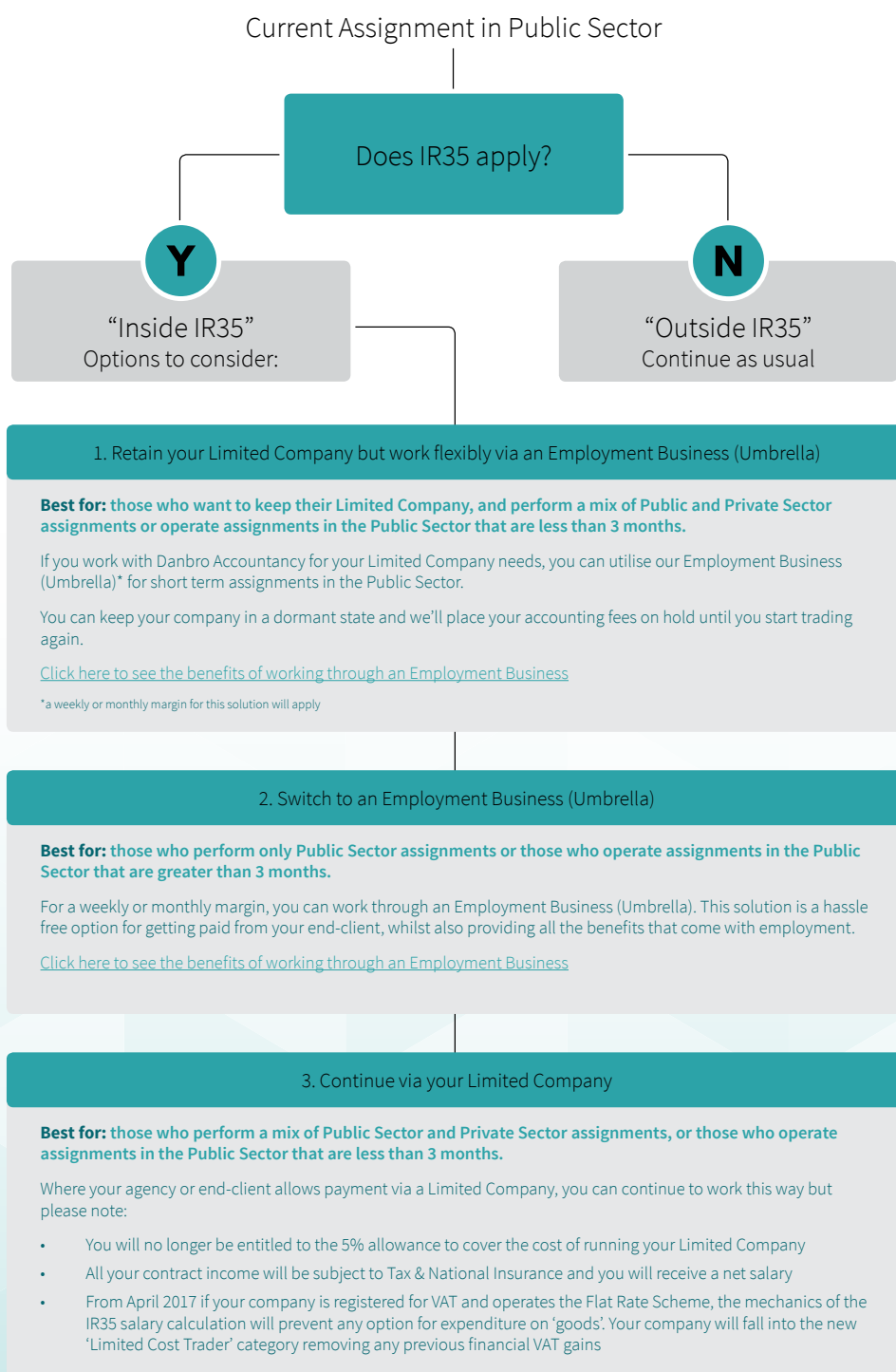
- Government departments, executive agencies and non-departmental public bodies
- NHS
- Police and fire authorities
- Local authorities
- Devolved administrations
- Educational establishments including universities
- BBC
- Channel 4
- Bank of England

***The above list is not exhaustive, further information can be found [here](#).***

## 4. If I continue to work in the Public Sector, what are my options?

If you perform mostly public sector assignments, or if you expect your public sector assignment to last longer than three months, it may be more beneficial to work through an Employment Business (Umbrella); we have detailed your options below:

*Please remember that although you may have assessed your current assignment as outside of IR35, there is a 90% chance that going forward this will no longer be the case. HMRC are releasing a tool prior to April to help end-clients assess IR35 status. As this is not yet available for use, confirmation may not be readily available from your end-client or recruitment agency.*



## 5. What will I earn in light of these changes?

	£30,000 pa		£50,000 pa		£100,000 pa	
	Employment Business	IR35 - Public	Employment Business	IR35 - Public	Employment Business	IR35 - Public
Contract Income	£576.95	£576.95	£961.55	£961.55	£1,923.10	£1,923.10
Flat Rate VAT Gain	£0.00	£3.69	£0.00	£9.08	£0.00	£22.54
Total Gross Income	£576.95	£580.64	£961.55	£970.63	£1,923.10	£1,945.64
Danbro Fee	£20.00	£21.92	£20.00	£21.92	£20.00	£21.92
Net Pay	£400.62	£403.75	£626.04	£635.18	£1,116.11	£1,132.69
Net Dividends	£0.00	£0.00	£0.00	£0.00	£0.00	£0.50
Reimbursed Expenses	£0.00	£4.00	£0.00	£4.00	£0.00	£4.00
Pension Contributions	£9.99	£0.00	£16.54	£0.00	£16.54	£0.00
<b>Weekly Return</b>	<b>£410.61</b>	<b>£407.75</b>	<b>£642.58</b>	<b>£639.18</b>	<b>£1,132.65</b>	<b>£1,137.19</b>
<b>As Percentage</b>	<b>71%</b>	<b>71%</b>	<b>67%</b>	<b>66%</b>	<b>59%</b>	<b>59%</b>

In light of these changes, you may choose to work through an Employment Business (Umbrella) as the amount you will earn is no longer worth the running costs, or administrative burden of running your own business.



## 6. Why choose to work through an Employment Business?

Danbro Employment Business (Umbrella) is a hassle free solution to getting paid from your end-client.

**For a weekly or monthly margin we'll take care of your administration and make sure that you're paid promptly, whilst also providing you with all the benefits that come with employment, such as:**

- Statutory Sick Pay
- Maternity or Paternity Pay
- Pension Contributions
- Holiday Pay

### **Our solutions also include:**

- Access to our BUPA Medical Cash Plan\*
- Personal Accident Insurance
- Professional Indemnity £5,000,000
- Public/Product Liability £5,000,000
- Discounted Self-Assessment Tax Return for any other income streams
- Access to a free financial review with Danbro Financial Services

***Call us today to discuss your options on 0800 731 3178 or email us at [enquiries@danbro.co.uk](mailto:enquiries@danbro.co.uk)***

\*Please be aware that this is not a contractual right and at our absolute discretion we reserve the right to terminate participation in the scheme, to substitute another scheme, or alter the benefits available to you under any such scheme.

You can only become a member of this scheme if you are aged between 18 and 69, and are a UK resident.

## 7. If I work through an Employment Business, what would I do with my Limited Company?

### Short Term

If you work with Danbro Accountancy for your Limited Company needs and intend to use our Employment Business (Umbrella) for a short period of time before opting for a Private Sector assignment, you can keep your company in a dormant state and we'll place your accounting fees on hold until you start trading again.

***For more information on switching to Danbro Accountancy to take advantage of this facility call us on 0800 731 3178***

### Long Term

If you don't think you'll continue to trade through your existing company for the foreseeable future, it may be best to close it down altogether. In this instance a company closing fee will usually apply.

***If you'd like to know more or have any questions, you can talk to our team today on 0800 731 3178***





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