

Limited vs Umbrella



Limited Company

Consider going **Limited** if:

1. Your contracts tend to be **longer-term**.
2. You **earn more** than £15-an-hour.
3. You're likely to be deemed **outside IR35**.



Umbrella Company

Consider going **Umbrella** if:

1. Your contracts tend to be **short-term**.
2. You **earn under** £15-an-hour.
3. You're likely to be deemed **inside IR35**.

The Headlines

By incorporating your business, your company will become a separate legal entity. **You'll become a shareholder**, serving the company as a Director.



By joining an umbrella company **you'll become an employee on an 'overarching contract'** of employment. So, you can move between assignments while retaining continuity of employment.

The Pros & Cons

You may not be entitled to statutory payments. So, if you're going on a long holiday or have plans to become a parent, you'll need to consider budgeting to cover this.



You will be entitled to statutory payments such as sick pay, holiday pay & maternity or paternity pay.

You won't be classed as being 'continually employed' - not that everyone wants to be, of course.



Your contract with your umbrella company will persist even when you're on the hunt for new assignments.

As a limited company Director, **you will be subject to IR35 assessments.**



If you're employed by an umbrella company, **you won't get caught by IR35.** The legislation targets those who should be classed as employees, but aren't.

As Director, you'll have the autonomy to make key decisions like when profits are distributed. You'll have full control over the work you do & when you do it. However, factors such as **HR support will be left to you to implement** how you see fit.



You will have **access to dedicated HR & customer care teams.** With Danbro, you'll also be enrolled onto our exclusive pension scheme, as well as having the option of private healthcare entitlements & access to our secure online portal.

Your limited company's finances are independent from your own. This will **secure the safety of your credit & personal assets.**



As an umbrella company employee, your Income Tax & National Insurance will be taken care of. So, that's **one less administrative burden to bear.**

As a limited company Director, as details about you & your business will be floated in the public domain.



The continuity of employment that umbrella companies provide will make it easier when applying for financial products like credit or mortgages.

The Responsibilities

You'll pay yourself by way of a basic salary. If profits remain after tax, you have the **option of receiving shareholders' dividends** too. So, you can keep your salary low & minimise your tax payments.



Your tax & national insurance **payments are dealt with for you.** Plus, each time you get paid, you'll receive a payslip & reconciliation sheet detailing your wages for that week.

You're responsible for the administration of your business, including legal requirements to file your accounts & returns.



You'll be expected to submit the correct information - via an online timesheet - on your rate of pay & the hours you've worked that week / month. **Your umbrella company will do the rest.**

You will also be **required to arrange the necessary insurance policies** for the safety & security of your business.



There are no set-up or exit costs associated with our umbrella company. **Entitlements to business insurance & personal cover are included** in the agreement with your umbrella company.

The Cost

If you're operating through a limited company, it's always advisable to seek the advice & assistance of a professional accountancy firm. Of course, there are **fees** associated with this, but it could save you a lot more money in the long run.



When processing your pay, your umbrella company will retain a **margin** to cover the cost of employment. At Danbro, our margins are totally transparent. They're dependent on factors such as your payment schedule & rate of pay.

Whichever way you choose to go, it's always a good idea to seek expert, independent advice before making your decision.

For two decades we've delivered compliant, tax-efficient solutions to thousands of contractors just like you. So, whether you're after an umbrella company or a specialist business accountant, **we'll make it easy for you.**

Trusted.
We're trusted by over 7,500 contractors nationwide.

Award-winning.
We've won multiple awards for our compliant solutions.

Experienced.
Over two decades of experience working with contractors.