

# **MORSON GROUP**

## **CONTRACTOR WORKSHOP**

# POINTS TO COVER

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- AGENCY PAYE v UMBRELLA COMPANY
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- WHAT IS NOT AN UMBRELLA COMPANY?
- CHAMPION CONTRACTORS - WHAT CAN WE OFFER?
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- CHAMPION FINANCIAL PLANNING - PENSION SALARY SACRIFICE
- SUMMARY
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# INTRODUCTION

- Part of the Champion Group founded in 1971 – Chartered Accountancy Practice
- Specialist Contractor division (Champion Contractors) set up in 2009 to provide Accountancy and Umbrella Services.
- FCSA Accredited for both services
- Strategic partnership formed with Morson group in 2018 to raise awareness of IR35/Off Payroll Legislation in the private sector
- Supported Morson's contractors since 2010.

**Champion Contractors chosen as the Morson Group featured partner for Umbrella Services**

# PAYMENT OPTIONS

# **PAYMENT OPTIONS?**

## **OUTSIDE IR35 – LEGISLATION DOESN'T APPLY**

- Continue to operate via your limited company
- Retain control of income and tax planning

## **INSIDE IR35 – LEGISLATION APPLIES**

- Agency PAYE (Morson)
- Umbrella PAYE (Champion Contract Services)
- Limited Co (deemed payment – no facility to control your income)



# **AGENCY PAYE V UMBRELLA COMPANY**

## AGENCY PAYE

## UMBRELLA

### EMPLOYMENT STATUS

Deemed employee for tax purposes only  
Temporary worker agreement

Full Employment  
Contract of Employment Issued  
Consolidated/Joined up Pay

### ADMINISTRATION

Timesheet submission

Online portal provided to submit  
timesheets and expenses where relevant

### PAYMENTS

Subject to PAYE  
Weekly payments

Subject to PAYE  
Weekly or Monthly Payments  
Potential to claim tax relief on expenses\*  
and savings through Pension Salary Sacrifice  
\*subject to SDC assessment



# WHAT IS AN UMBRELLA COMPANY?



# WHAT IS AN UMBRELLA COMPANY?

## HMRC state:

“There is no statutory definition of an ‘umbrella company’, although it is generally accepted that an **umbrella company is a company that employs temporary workers who work at different end clients’ premises.** Umbrella companies do not source work. **Typically the umbrella will enter into a contract with a recruitment agency who will source work from end clients.**”

**“The worker is an employee of the umbrella company and there should be a contract of employment in place which defines the working terms and conditions.”**

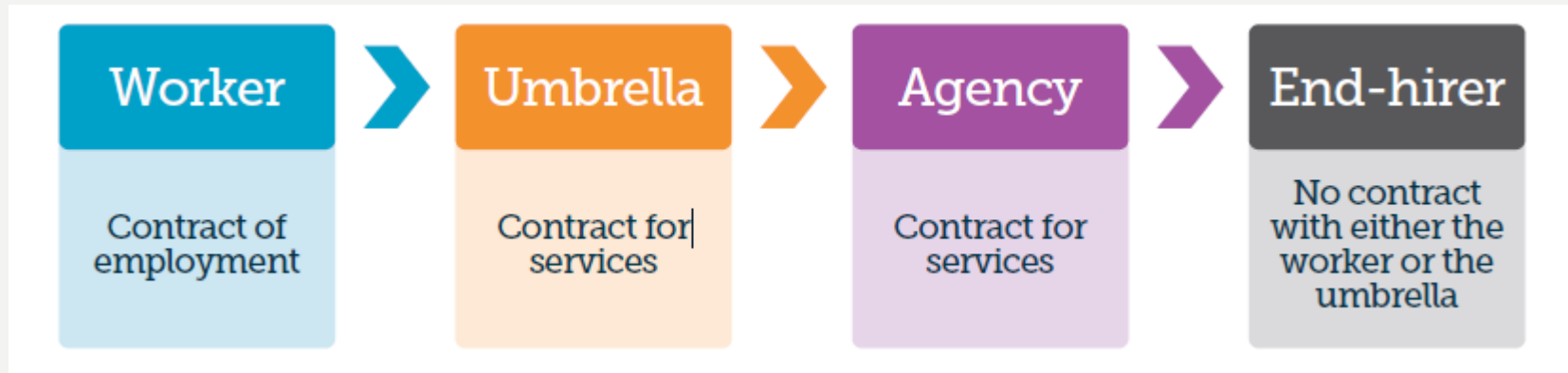
“On receipt of payment from the recruitment agency, the umbrella company has its overheads to cover so will typically retain:

- its administration fee (AKA Margin)
- an amount to meet their employer’s National Insurance Contributions (NICs) obligation
- holiday payment (paid or retained – employee chooses)
- allowable expenses (subject to SDC assessment)
- other amounts to cover specific costs, such as apprenticeship levy

**“The remainder of the payment is paid to the worker as gross pay which is then subject to PAYE deductions for Income Tax and Employee’s NIC”**

<https://www.gov.uk/hmrc-internal-manuals/employment-status-manual/esm2390>

# THE CONTRACTUAL RELATIONSHIPS



This relationship provides:

- Employment history and continuity while working on a contingent, multi-location basis
- Joined-up pay from fragmented working through multiple assignments
- Peace of mind that tax is paid appropriately, with no need to submit an annual self-assessment return to HMRC
- Employee/HR support in the unlikely event that an employee needs HR advice, such as a grievance case, as their employer the umbrella company will have processes to support them
- Ability to claim travel and subsistence expenses subject to status

# PAYSLIP EXAMPLE – 37 HRS X £30

## INVOICE SECTION

Champion Contract Services Ltd Income Statement					
Company Income received		Assignment Rate(s)			
Company Income and Costs	£1,110.00	Units	Rate	Total	Agency/Description
Apprenticeship Levy	£4.88				
Employer's NI	£111.34	37	£30.00	£1,110.00	Example Agency
Employer's Pension	£0.00				
Company Margin	£18.00				
					Weekend Date
					08/01/2021

## PAYSLIP SECTION

PAYSLIP							
Employee Name		Employee Number		NI Number	Tax Code	Pay Date	Periods
Example Payslip		CCSU10000			1250L	15/01/2021	1
Payments				Deductions			
Description	Units	Rate (£)	Amount(£)	Description	Amount(£)		
Basic Pay	37.00	£8.72	£322.64	PAYE	£149.77		
Holiday Pay	1	£105.09	£105.09	National Insurance (Employees)	£93.76		
Additional Taxable	1	£548.05	£548.05	Pension (Employees)	£0.00		
Expenses	1	£0.00	£0.00	Student Loan	£0.00		
Pension (Salary Sacrifice)	1		£0.00				
Total Payments			£975.78	Total Deductions		£243.52	
Champion Contract Services Ltd		This Period			Year to Date		
PAYE Reference		Total Taxable Pay		£975.78	Total Taxable Pay		£975.78
Tax Period		Earnings for NI		£975.78	Total NI-Able Pay		£975.78
Period Ending 08/01/2021		Expenses		£0.00	PAYE Income Pay		£149.77
Pay Frequency Weekly		Net Payment		£732.26	National Insurance		£93.76
				Total Net Payment (£)		£732.26	



# WHAT IS NOT AN UMBRELLA COMPANY?

# WHAT IS NOT AN UMBRELLA COMPANY?

If the provider offers or states the following:

- More of your income than you would expect **e.g. 80-90%**
- Some or all the payments you get are said to be non-taxable e.g. **Paid as a loan**
- The scheme is 'approved' by HMRC
- Being offered an 'enhanced' scheme e.g. **NMW plus loan or employers advance**
- Being asked to sign more than one contract e.g. **contract plus loan agreement**

These provider will be operating usually turn out to be providing:

- Employment Benefit Trusts or Loan scheme arrangements
- Mini-umbrella companies

[HMRC & ASA](#) are currently trying to raise awareness of these types of arrangements and provided the following statement:

**“...you're highly likely to be avoiding tax and you could end up paying additional tax, National Insurance contributions and interest. Penalties may also apply”**

The Morson PSL only includes FCSA accredited providers to ensure that their contractors can be confident that they are not at risk.

<https://www.gov.uk/government/publications/tax-avoidance-facts/spot-the-signs-of-tax-avoidance>



# CHAMPION CONTRACTORS

WHAT CAN WE OFFER?

# WHAT DOES CHAMPION OFFER?

## The Basics



Full Contract of  
Employment



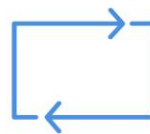
Access to  
Workplace  
Pension



Statutory  
Payments



Holiday Pay



Continuous  
Employment



Fully Insured  
through Champion

# WHAT DOES CHAMPION OFFER?

## The Extra

Champion Contractors offers an excellent employee reward scheme & BP fuel card!

Receive discounts wherever you shop with Champion Rewards



Home & Garden  
Save up to 10%



Motor & Fuel  
Up to 20p per litre off  
each week with  
a BP Fuel Card



Food & Drink  
Save up to 15%



Leisure & Travel  
Save up to 10%



Health & Fitness  
Save up to 15%



Reduced priced  
Cinema tickets



Baby & Nursery  
Save up to 15%



High Street  
Save up to 20%





# CHAMPION REWARDS – SHOPPING

[Home](#) [Discounts](#) [Fuel Card](#) [Competitions](#) [Wellbeing](#) [Extra Benefits](#) [Help](#)

45 retailers

Reset

View as

Sort by

Offer Type

☐ Digital Vouchers 5


☐ Reloadable Gift Cards 6

☐ Paper Vouchers 1

☐ Online Cashback 36

☐ Online Offers 2






☒ Print And Save 0




### Morrisons

Everything from food to flowers is prepared by our academy trained butchers bakers fishmongers cheesemongers florists and greengrocers.

Not only is our food consistently fresh b...






**Up to 5% Cashback**

View Offers




### Sainsbury's

Live well for less with Sainsbury's. A trusted retailer for over 150 years, you can shop for everything from groceries and clothing to homeware, electricals, technology and toys, as well...






**Up to 5% Cashback**

View Offers



### Tesco

One of the largest retailers in the world, Tesco offers a wide range of items including groceries, clothing, homeware, electricals and more. They are dedicated to bringing the best value, ...

**Up to 4% Cashback**

View Offers

# CHAMPION REWARDS – FOOD & DRINK

[Home](#) **Discounts** [Fuel Card](#) [Competitions](#) [Wellbeing](#) [Extra Benefits](#) [Help](#)

33 retailers [Reset](#)

View as

A-Z

Z-A

Sort by

Offer Type

☐ Digital Vouchers 27

☐ Reloadable Gift Cards 10

☐ Paper Vouchers 2

☒ Online Cashback 0

☒ Online Offers 0

☐ Print And Save 2

**CAFFÈ NERO**

**Caffè Nero**  
Caffè Nero is a European coffee house brand specialising in the creation of high quality Italian coffee. Their philosophy is really, very simple: Premium Italian coffee. A warm and welcoming...

**Up to 10% Cashback**

[View Offers](#)

**CHEF & BREWER**

**Chef & Brewer**  
Choose from a collection of characterful, country pubs where life tastes good and there is always something to look forward to. All Chef & Brewer pubs take great pride in serving up deliciou...

**Up to 8% Cashback**

[View Offers](#)

**COSTA**

**Costa**  
The nation's favourite coffee shop. Creating great coffee is an art that takes time and skill to perfect. With 40 years of experience, Costa like to think that they've done just that.

**Up to 9% Cashback**

[View Offers](#)

# CHAMPION REWARDS – RETAIL

[Home](#) [Discounts](#) [Fuel Card](#) [Competitions](#) [Wellbeing](#) [Extra Benefits](#) [Help](#)

197 retailers [Reset](#)

View as

[A-Z](#) [Z-A](#)

Offer Type

☐ Digital Vouchers 12

☐ Reloadable Gift Cards 15

☐ Paper Vouchers 1

☐ Online Cashback 178

☐ Online Offers 6

☐ Print And Save 3

Departments

**B&Q**

B&Q is the largest home improvement and garden centre retailer in the UK. B&Q Online offers all the same products you would find in their stores, but you can get extra discounts shopping onl...

Up to 5% Cashback

[View Offers](#)

**Currys PC World**

Currys PC World is the UK's largest electrical retailer with an extensive range of TVs, Hi-Fi, DVDs, cookers, fridges, PCs, mobiles, washing machines and microwaves. Also the UK's leading ch...

Up to 8% Cashback

[View Offers](#)

**halfords**

Halfords is the UK's largest retailer of bicycles, car accessories, in-car technology (including satellite navigation and in-car entertainment systems) and car maintenance (car parts, servic...

Up to 8% Cashback

[View Offers](#)

# CHAMPION REWARDS – FUEL REWARD

[Home](#) [Discounts](#) [Fuel Card](#) [Competitions](#) [Wellbeing](#) [Extra Benefits](#) [Help](#)

## Fuel Card

Welcome to the BP Plus Fuel Card. The BP Plus Fuel Card allows you to access low prices for diesel and unleaded fuel at over 1,200 BP service stations nationwide which includes nearly 50% of the UK Motorway service stations where savings can be in excess of 20p per litre. Typically savings are between 2p and 3p per litre at non motorway BP service stations. From this page you can order your card, check on the current fuel prices, view your usage statement and search for your nearest BP service stations.

### How it works

There is a per annum administration fee of £9.99 and this will be applied to your first direct debit payment. Each Monday we will send you an email to your registered email address with a low fixed price for diesel and unleaded fuel for the coming week. This price applies from midnight Sunday to the following Sunday. Use your BP Plus Fuel Card to purchase either standard diesel or unleaded fuel at any BP service station for that week and you will be charged the fixed price regardless of the advertised pump price. The fuel you have purchased during the week will be charged to your bank account by direct debit in the following week.

### Current Fuel Prices

Effective from 09 Nov 2020

Card	Unleaded	Diesel
BP Plus Fuel Card	113.52 p	118.78 p

#### Order Card

Order a Fuel Card

[View More](#)

#### Station Locator

View participating stations

[View More](#)

#### Fuel Savings





View how much you could save

[View More](#)

# CALCULATE YOUR SAVINGS

Use our savings calculator to see how you can save

To enter your spend per month, move the slider to the required position

Category	Your spend	Your saving
 Electrical	<input type="range" value="150"/> £ 150	£15
 Clothing and Footwear	<input type="range" value="0"/> £ 0	£0
 Food Shopping	<input type="range" value="300"/> £ 300	£15
 Petrol	<input type="range" value="80"/> £ 80	£1.6

Total Spend Per Month

**£530**

Total Save Per Month

**£32**

Total Save Per Year

**£384**

This calculator is for illustrative purposes only

BY CLICKING [HERE](#)

# WHAT DOES CHAMPION OFFER?

## The Even Better



Margin free  
holiday during month's  
1 & 13 of service



Salary Sacrifice  
Pension  
**No Administration  
Fee**



Tax relief  
on expenses\*

\*Must pass an SDC test  
to obtain tax relief



Margin set at  
£18.00 per  
week



Personal Accident  
& Death In Service  
Cover



Free IFA  
Advice

# CHAMPION OFFER - MARGIN

EXCLUSIVE MARGIN FOR MORSON GROUP CONTRACTORS

Margins	Prime Pay	Plus Pay
Weekly	£18.00	£28.00
After Tax Relief	£9.76	£15.18
Monthly	£72.00	£112.00
After Tax Relief	£39.02	£60.70

PLUS 4 WEEKS FREE



# PENSION SALARY SACRIFICE

CHAMPION FINANCIAL PLANNING



# PENSION SALARY SACRIFICE



## What is Salary Sacrifice?

*“Salary sacrifice is commonly used by employers or employees to take advantage of the exemption from tax or NIC or both of certain benefits. It is important to recognise that employers and employees have the right to arrange the terms and conditions of their employment and to enjoy the statutory tax and NIC treatment that applies to each element in the remuneration package.”*

Employment Income Manual (EIM42752)

## Why Salary Sacrifice?

- Allows you to retain **CONTROL** of your tax planning and long term financial planning  
*There is NO ability to operate pension salary sacrifice via agency payroll*
- You **CHOOSE** how much you want to sacrifice  
*Up to £40,000 p.a. with potential to use unclaimed allowances for 3 previous years via ‘carry forward’*
- Pay **LESS TAX** as a reduction of both Income Tax & National Insurance contributions  
*By reducing the gross income applicable to the individual.*

# PENSION SALARY SACRIFICE



How does this apply to me?

- Champion provides *complimentary access* for you to engage with one of our advisers who will work with you, at a time convenient, to understand if Salary Sacrifice is right for you
- Champion Financial Planning (CFP) will provide advice on the *most appropriate approach* based on your circumstances along with a capture of any other areas of advice appropriate to your changing circumstances, both personal and professional
- Factor in wider considerations around tax planning for your *existing limited company*

This option allows us to attract contractors from other umbrella companies where the provider:

- Does *not provide access* to a salary sacrifice arrangement
- Insists on their employees using *their chosen scheme*; and/or
- Charges an *additional administration fee* on top of their margin

**Champion will NOT insist on you using a specific scheme and there are NO additional administration charges**

# PENSION SALARY SACRIFICE



What do I **do next?**

- Simply relay your details to the dedicated inbox or complete the follow survey  
*salarysacrifice@championcontractors.co.uk*
- Act sooner rather than later as demand for the engagement is high  
*We are geared up and ready to engage*

What have I got to **lose?**

- 15 minutes; a conversation to understand & highlight any areas of consideration  
*We encourage all clients to, as a minimum, take us up on this session*

What have I got to **gain?**

- Anything from peace of mind to significant tax savings  
*Lets find out!*

**It is far easier to create something that works with a plan to follow**

# SUMMARY

- In summary the aim of today is to provide you with some key differentiators between Agency PAYE and Umbrella Companies, to give you an overview of what an Umbrella company is and does and to provide you with some red flags and risks to be aware of when considering the options available to you
- Champion have designed a package *exclusively for Morson contractors*:
  - Full employment
  - Extremely competitive Margin – with no hidden extras
  - A comprehensive rewards scheme & market leading fuel card
  - FCSA Accreditation to provide reassurance to you.
  - Retain some control over your tax planning via Pension Salary Sacrifice
- Why wait to make a decision? Sign up now and start your employment in April
- Information pack, including a salary calculator, and details on how to sign up will be issued to you shortly.

# Questions?



## CONTACT DETAILS

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contractors.co.uk/morson](https://www.champion-contractors.co.uk/morson)

Enquiries:

T: 0161 703 2549

E: [newbusiness@championcontractors.co.uk](mailto:newbusiness@championcontractors.co.uk)