

Contracting is now a way of life for millions of people nationwide and the trend shows no sign of slowing down. With the upcoming IR35 reforms due to be rolled out to the private sector and many contractors opting for an umbrella solution, we've partnered with the UK's leading umbrella company Parasol, to separate the fact from fiction and answer some of the frequently asked questions.

What is an Umbrella company?

An umbrella company employs contractors working on temporary assignments (commonly known as contracts). Joining a compliant umbrella company gives you the chance to enjoy increased flexibility, whilst taking advantage of the rights and benefits a permanent employee would typically receive.

How will an umbrella benefit me?

You maintain the flexibility of contracting whilst enjoying all the rights and benefits afforded to permanent employees – such as maternity & paternity pay, holiday pay, sick pay, minimum guaranteed hours of work and access to a workplace pension – all that's needed for added peace of mind.

The umbrella company will take care of all your Income Tax and National Insurance obligations. They will also handle all invoicing and payroll duties, ensuring you get paid accurately and on time.

How does it work?

On joining an umbrella company, you'll receive a contract of employment meaning you become directly employed by the business regardless of how many contracts you undertake.

You'll submit a timesheet (normally countersigned by the client) and then the umbrella company will use this information to bill the client for the work carried out. The umbrella company will retain a margin to cover its costs, make payment to you, minus deductions and issue a payslip – making the process as hassle-free as possible.

I'm with an umbrella company – do I need to worry about IR35?

The good news is that when you join an umbrella company, you become an employee so you won't be affected by IR35. The legislation only covers self-employed contractors, so there's no need to worry.

An umbrella solution you can trust

At Parasol, we've been supporting contractors, recruitment agencies and end hirers for over 19 years. In this time, we've managed payments and accounts for over 100,000 professionals and worked with over 2,500 recruitment agencies across the UK. We're trusted for our dedication to always doing what's right, which is why we're VIQU Payroll Partner of Choice. Our expert compliance team will ensure you stay up to date with the latest industry standards and legislation, which will allow you to concentrate on the job in hand, safe in the knowledge that we're with you all the way.

To find out more, or to sign up, please visit VIQU's Payroll Partner page or get in touch with Parasol directly.

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