



UMBRELLA COMPANY GUIDE



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INTRODUCTION

If you are new to contracting, or just about to start on a short term assignment, an umbrella solution may be the best route into contracting.

Here at ICS Accounting, all employees operating through our umbrella solution, can rest with the confidence that their pay is calculated correctly and delivered on time. With so much to understand, learning what an umbrella company is, and how it works could seem like a complex task. But don't worry, this guide will help lay everything out clearly and make the whole process a breeze.

The purpose of this guide is to share our 19+ years' experience of working with contractors and freelancers. This guide will explain:

- What an Umbrella Company is
- How Umbrella Companies operate
- How can you benefit from an Umbrella Company
- Explanation of a Payslip
- Plus much, much more

I hope you find this guide beneficial, if you have any questions about what an Umbrella Company is, I recommend you contact our team of experts on 0800 195 3750 or email info@icsuk.com.

I wish you all the best with your exciting new venture.



John Lyon
Director
ICS Accounting



WHAT IS AN UMBRELLA COMPANY

Typically, being employed via an umbrella solution is not as tax efficient as operating via your own limited company. An umbrella is a better option for you if you are not yet in a position to establish your own business.

An umbrella company engages employees by way of a contract of employment. This is an overarching contract of employment which provides continuous employment to an employee, whether they are working on an assignment or not.



Dependant on the length and value of your assignment, operating through an umbrella company is the hassle-free way of working. An Umbrella solution is the preferred option if you are just starting out as a contractor, or just simply looking to provide your services over a short-term period.

Legislation and expectations are constantly evolving for contractors. At ICS Accounting, we are one step ahead and adopt a proactive approach to our umbrella solution, ensuring that you are always receiving the best possible care and control of your money.

ICS Accounting are fully compliant with Agency Worker Regulations (AWR) which ensures that all employees under the umbrella solution are auto-enrolled into a pension scheme. Furthermore, IR35 is a crucial piece of legislation for all practices here at ICS, and as part of an umbrella company, this will mean that if your assignment is 'inside IR35', your earnings are considered the same as those under full-time employment. This results in the same deductions of tax and NI and means that an umbrella company would likely be the best solution for your work.

We recommend getting in touch with a member of our New Business Team who can advise on the most beneficial solution for you.

ICS Umbrella's aim is to remove the burden of administration by providing useful services at every stage of your life as an employee. We offer comprehensive Professional Indemnity, Public and Employers Liability Insurance for complete peace of mind. We can provide references for mortgages.

HOW DO UMBRELLA COMPANIES WORK?

As a contractor, you are likely to be a professional that provides their work and skills to other companies for an agreed wage. However, you are not an employee of that wider firm of business. You will instead be an employee of ICS Umbrella LTD.

Our umbrella company becomes the employer to workers, where the principle function is to provide payment for the worker whilst dealing with tax and national insurance as a standard employer would. Often, this type of work will be secured through a client approaching a recruitment agency, who will then recruit a worker to complete an assignment. In this instance, there is the agency, a client and you as a contractor who requires the help of an umbrella company for employment.

The umbrella company will sign a contract with the agency, and you too will sign a contract with the umbrella company. It is imperative that timesheets are completed so that exact hours and pay can be correctly calculated (likely to be an agency timesheet), that will then be required to submit to the umbrella company.



The umbrella company will then work on your behalf by raising an invoice to the agency for your working time, as well as any expenses that the client has agreed to reimburse.

The agency will then invoice the client based on your time spent on the job etc, and the client will then pay the agency who will in turn pay the umbrella company.

The date of pay is determined by the agency's pay schedule, which will then be paid to you via PAYE by the umbrella company after this has been processed, deducting necessary tax and NI contributions. Your payslip will detail your received income, minus the tax, NI contributions and umbrella margins.

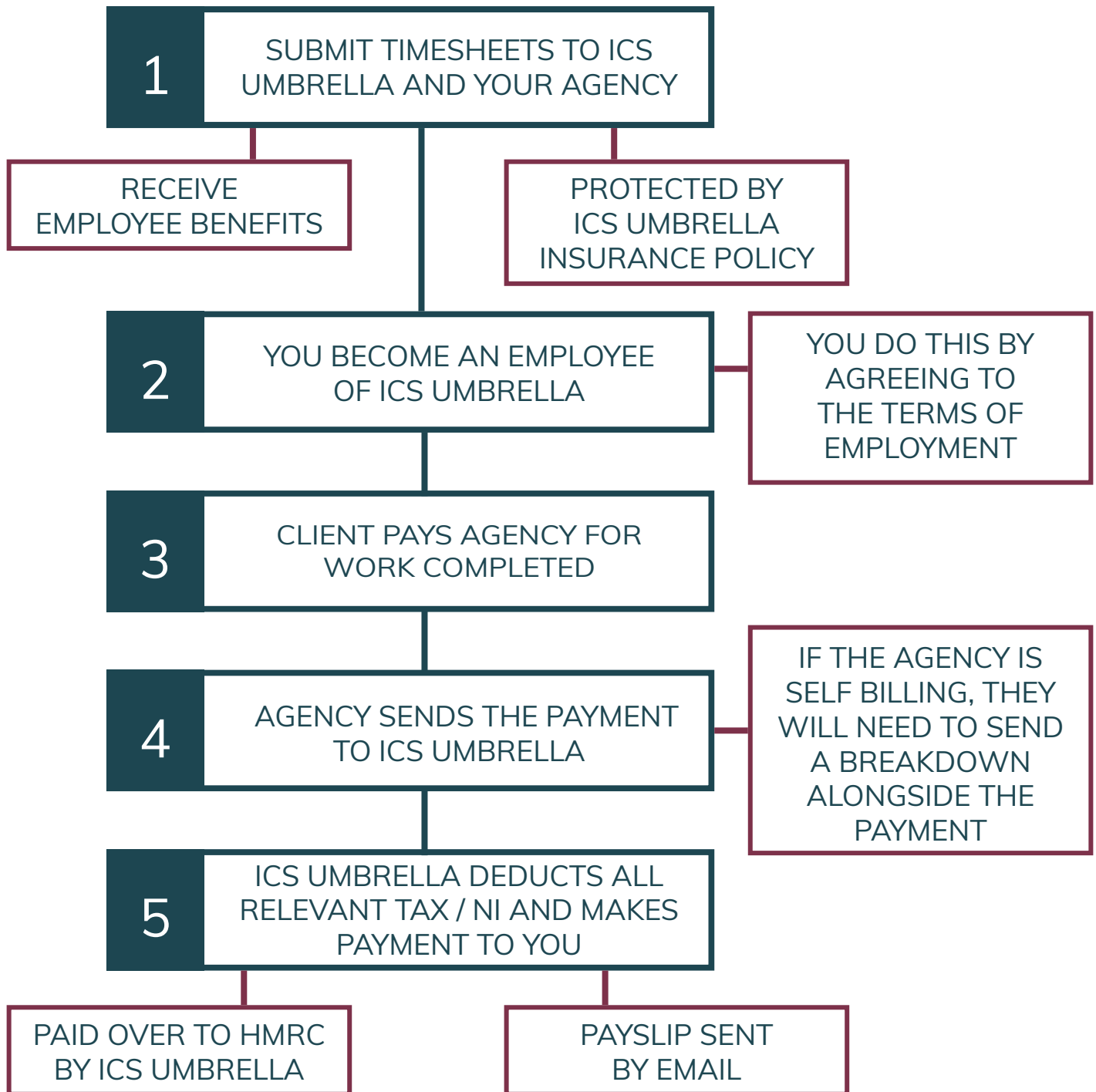
SDC Status

For expenses, please refer to our expenses policy. Expenses will depend on your SDC (supervision, direction and control) status.

Please contact ICS Accounting if you have any questions.

UMBRELLA OVERVIEW

Below is a simple illustration of how an umbrella company works:



BENEFITS OF AN UMBRELLA COMPANY

Contracting via an umbrella solution is generally, but not exclusively relevant to assignments that are shorter than a 6-month period and earn less than £15 per hour. It is also often applicable to first-time contractors and those unsure as to whether they will contract in the longer-term. This type of employment may be more suited to your personal circumstances and preferred by you, but it may also be more applicable to the sector in which you work.

If you are looking to contract for the long-term, you may want to explore our limited company accountancy service. Dependant on your daily rate/assignment length, a limited company could be the most cost-effective method of operating.

What insurance does ICS Umbrella provide?

We have a comprehensive range of insurance in place to protect you and the business, including, Employer's Liability insurance up to £10,000,000, Public Liability insurance up to £5,000,000 and Professional Indemnity insurance up to £5,000,000.

ICS UMBRELLA

ICS Umbrella provides workers with all the benefits of being an employee by employing them whilst working on various assignments. You may continue to use ICS Umbrella when you change assignments or restart after a break from working. Simply keep us up to date with your circumstances.

Our market-leading solution enables you to supply your services to the agency/client without the need to run your own company.

ICS Umbrella is fully compliant with all government regulations and legislation.

Our dedicated team of experts will:

- Process your timesheets and expenses.
- Take care of your PAYE and National Insurance obligations.
- Make same day payments to your personal bank account.
- Ensure you are paid on time and correctly.

BENEFITS OF ICS UMBRELLA

ICS Umbrella includes the following benefits:

- Dedicated Account Manager
- Full Employment Rights
- Comprehensive Professional Indemnity, Public and Employers Liability Insurance
- Daily payroll and invoicing runs
- Same day faster payments with SMS alerts
- Full IR35, MSC and AWR compliance
- Management of expenses (if applicable)
- Workplace pension and holiday pay
- References provided for mortgages, tenancy agreements and other requirements
- 24:7 access to online portal with employee benefits including shopping discounts, online GP, free legal advice and discounted gym membership.

To join, we will require the following information:

- Your personal details
- Right to work documentation, including share code where applicable.
- A copy of a valid work visa/permit, if applicable.
- A P45 from your last employer or you can complete a starter declaration

Upon receipt we will contact the agency or client and request that the contract is issued to ICS Umbrella Ltd.

You will receive a Contract of Employment with ICS Umbrella Ltd, which you will need to sign and return.

UMBRELLA EMPLOYEE PORTAL

Welcome to a brighter, healthier and happier future!

Hotels.com

RIVER ISLAND

ASDA

Expedia



ASOS
Discover Fashion Online



Sainsbury's

Debenhams

ODEON
FANATICAL ABOUT FILM

Uber

TESCO

ODEON
FANATICAL ABOUT FILM

PIZZA EXPRESS

Our umbrella employees access a wide range of fantastic benefits, including high-street & online retailer discounts and the Wellbeing Portal, which provides education, support and tools to help you live a healthier and happier life.



Discounts

The average person saves around £500 a year, but the amount you can save will depend on how much you use the discounts.

Save money on the things your already buying.

Wellbeing

Providing education, support and tools to be the best version of yourself at home and at work – no matter where work might be.

Offering you support where it matters most.



UNDERSTANDING YOUR ACCRUED HOLIDAY PAYSALIP

ICS Umbrella Ltd Income Statement for Test Payslip						
1 Company Income received		2 Assignment Rate(s)				
Company Income and Costs	800.00	Units	Rate	Total	Agency/Description	Description
Apprenticeship Levy	3.13					
Employer's NI	62.95					
Employer's Pension	15.18	40.00	20.00	800.00	ICS Reimbursements	Contract Rate
Accrued Holiday Pay Deduction	75.57					
Company Margin	17.00					

3 PAYSALIP					
Employee Name	Employee Number	NI Number	Tax Code	Pay Date	Periods
Test Payslip	EMP10166		1257L X	20/04/2021	1

4 Payments				5 Deductions	
Description	Units	Rate(£)	Amount(£)	Description	Amount(£)
Basic Rate	40.00	8.91	356.40	PAYE(Income tax)	71.60
Additional Taxable Wage	1.00	269.77	269.77	Employee's NIC	53.06
				Employees Pension Deductions	25.31
Total Payments			626.17	Total Deductions	149.97

6 ICS Umbrella Ltd		7 This Period		8 Year to Date	
PAYE Reference	120/UB88778	Total Taxable Pay	600.86	Total Taxable Pay	600.86
Tax Period	3	Earnings for NICs	626.17	Total Nlable Pay	626.17
Period Ending	11/04/2021	Expenses	0.00	PAYE Income Tax	71.60
Pay Frequency	Weekly	Net Payment	476.20	National Insurance	53.06
				9 Total Payment (£)	476.20

10 Address: Mr Test Payslip Test House Test Street Test Town xxxxxx	11 Message: Accrued Holiday Pay Balance: 75.57
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1 COMPANY INCOME RECEIVED

Company Income and Costs: The amount which ICS Umbrella receives from the agency/end client.

Apprenticeship Levy: Mandatory levy which is paid to HMRC.

Employer's NI: The National Insurance contribution which all employers are required to make.

Employer's Pension: Contributions will appear here when enrolled in line with auto-enrolment legislation.

Accrued Holiday Pay Deduction: Provision made for your holiday entitlement. This is 12.07% of your gross payment.

Company Margin: The amount retained by ICS Umbrella to provide the umbrella solution.

2 ASSIGNMENT RATES

Units: The number of hours/days worked.

Rate: The umbrella rate of pay, uplifted to cover employment costs.

Total: The total units multiplied by the rate.

Agency/Description: Name of Agency/End Client

Description: Description of payment

3 PAYSリップ

Employee Name: Your name.

Employee Number: Your unique ICS Umbrella employee number.

NI Number: Your National Insurance Number.

Tax Code: This shows the amount you can earn before tax is deducted from your wages.

Pay Date: Date payment was made into your bank account.

Periods: Tax periods processed in this payment, i.e. weeks/months.

4 PAYMENTS

Basic Rate: Number of hours worked at least to the national living/minimum wage.

Additional Taxable Wage: The additional taxable wage above national living/minimum wage to make up gross pay.

5 DEDUCTIONS

PAYE (Income Tax): The amount of personal tax deducted from your salary.

Employee's NIC: The amount of NI deducted from your salary.

Employee's Pension Deductions: When auto-enrolled in the pension scheme, your employee contributions appear here at the current percentage rate.

6 ICS UMBRELLA LTD

A summary of the ICS Umbrella PAYE reference, the tax period in which your payment is processed, the week/month that your payment relates to, along with the frequency you are paid as set by the agency/end client.

7 THIS PERIOD

A summary of taxable earnings and deductions for this pay period.

8 YEAR TO DATE

A summary of all taxable earnings and deductions during the current financial year.

9 TOTAL PAYMENT

The net amount paid into your bank that week or month depending on your pay frequency.

10 ADDRESS

Your name and address.

11 MESSAGE

This shows your holiday pay accrual balance.

UNDERSTANDING YOUR ADVANCED HOLIDAY PAYSリップ

ICS Umbrella Ltd Income Statement for Test Payslip						
1 Company Income received			2 Assignment Rate(s)			
Company Income and Costs	800.00		Units	Rate	Total	Agency/Description
Apprenticeship Levy	3.45					
Employer's NI	71.84		40.00	20.00	800.00	ICS Reimbursements
Employer's Pension	17.12					Contract Rate
Company Margin	17.00					

3 PAYSリップ					
Employee Name	Employee Number	NI Number	Tax Code	Pay Date	Periods
Test Payslip	EMP10166		1257L X	14/04/2021	1

4 Payments				5 Deductions	
Description	Units	Rate(£)	Amount(£)	Description	Amount(£)
Basic Rate	40.00	8.91	356.40	PAYE(Income tax)	84.00
Holiday Pay	1.00	74.37	74.37	Employee's NIC	60.79
Additional Taxable Wage	1.00	259.82	259.82	Employees Pension Deductions	28.53
Total Payments			690.59	Total Deductions	173.32

6 ICS Umbrella Ltd		7 This Period		8 Year to Date	
PAYE Reference	120/UB88778	Total Taxable Pay	662.06	Total Taxable Pay	662.06
Tax Period	2	Earnings for NICs	690.59	Total Nlable Pay	690.59
Period Ending	11/04/2021	Expenses	0.00	PAYE Income Tax	84.00
Pay Frequency	Weekly	Net Payment	517.27	National Insurance	60.79
				9 Total Payment (£)	517.27

<p>10 Address: Mr Test Payslip Test House Test Street Test Town xxxxxx</p>	<p>11 Message:</p>
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1 COMPANY INCOME RECEIVED

Company Income and Costs: The amount which ICS Umbrella receives from the agency/end client.

Apprenticeship Levy: Mandatory levy which is paid to HMRC.

Employer's NI: The National Insurance contribution which all employers are required to make.

Employer's Pension: Contributions will appear here when enrolled in line with auto-enrolment legislation.

Company Margin: The amount retained by ICS Umbrella to provide the umbrella solution.

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Units: The number of hours/days worked.

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NI Number: Your National Insurance Number.

Tax Code: This shows the amount you can earn before tax is deducted from your wages.

Pay Date: Date payment was made into your bank account.

Periods: Tax periods processed in this payment, i.e. weeks/months.

4 PAYMENTS

Basic Rate: Number of hours worked at least to the national living/minimum wage.

Holiday Pay: The provision we make for your holiday entitlement to be taken when you book annual leave. This is 12.07% of your gross payment.

Additional Taxable Wage: The additional taxable wage above national living/minimum wage to make up gross pay.

5 DEDUCTIONS

PAYE (Income Tax): The amount of personal tax deducted from your salary.

Employee's NIC: The amount of NI deducted from your salary.

Employee's Pension Deductions: When auto-enrolled in the pension scheme, your employee contributions appear here at the current percentage rate.

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7 THIS PERIOD

A summary of taxable earnings and deductions for this pay period.

8 YEAR TO DATE

A summary of all taxable earnings and deductions during the current financial year.

9 TOTAL PAYMENT

The net amount paid into your bank that week or month depending on your pay frequency.

10 ADDRESS

Your name and address.

11 MESSAGE

This section is not used for an Advanced Holiday payslip.



www.icsuk.com | 0800 195 3750

Lancaster Business Park | 2 Mannin Way | Lancaster | LA1 3SU