



	<b>Limited Company</b>	<b>Umbrella</b>
<b>Status</b>	Director of your own company	Employee of the Umbrella Company
<b>Duration</b>	Good as long as you are contracting for an extended period of time	Good for multiple assignments of various contract lengths
<b>Low Earning contracts?</b>	Generally speaking, suitable for high-earning contractors (above £15/hr)	Can be used for those earning anything above the minimum contract rate
<b>Tax Efficiency</b>	An efficient way to contract; most directors will pay themselves a basic salary and the rest as dividends that do not attract NI and are subject to different tax bandings than personal tax.	Typically, less efficient than a limited company. Entire gross wage is subject to personal NI and personal tax bandings
<b>Tax Planning</b>	Very flexible, as dividends can be timed to maximise income	Few tax planning opportunities
<b>Costs</b>	Typically, a monthly fee is payable to an accountant	Umbrella company will retain a margin for their services from the contract sum they receive
<b>Ease of use</b>	Depending on the package, some monthly admin may be required to satisfy your obligations as a director	Little admin. You may be requested to submit expenses each week depending on your circumstances
<b>Legal requirements</b>	Statutory requirements on the directors (accountant can often assist)	No legal requirements
<b>IR35</b>	If IR35 applies, in most cases the tax benefits of a limited company will be negated	IR35 does not apply as you are an employee of the Umbrella company
<b>Insurance</b>	Your company will require business insurances such as professional indemnity	Insurances are provided by the umbrella company
<b>Expenses</b>	Can offset a large range of expenses (subject to IR35)	Can submit a limited range of expenses, depending if you are found to be under Supervision, Direction or Control
<b>Set Up</b>	With a specialist contractor accountant, the company and bank account can typically be set up within 48hrs whilst a UTR or VAT may take a few weeks	Instant set-up once employment contract has been accepted