

Contractor FAQs

What's different about a contract assignment?

Unlike fixed-term employment, where you are *employed by the client* who hires you, in contract work you're contracted to *perform services for a client*.

Your contract is for a specified period - whether that's a few weeks or several months.

Who employs me for my services?

Who your employer is depends on how the engagement has been assessed under the 'off-payroll' (IR35) rules:

- If your engagement is assessed as falling within scope of the off-payroll rules ('inside IR35') you must be payrolled as an employee or worker. In this case, you will be employed by an umbrella company, who provide payroll services.
- If the engagement is assessed as out of scope of the off-payroll rules ('outside IR35') you have the option of being remunerated through your own personal services company (PSC). In this case FJWilson pays you a gross fee through your PSC and you are responsible for your own tax, National Insurance, and other deductions.

The client is usually responsible for determining IR35 status and must do so before the assignment is advertised so that potential candidates can be informed.

What is IR35?

The off-payroll rules ('IR35') were introduced as part of HMRC's crackdown on 'disguised employment'. A disguised employee is someone who *falsely* positions themselves as a contractor (via a PSC, partnership or as an individual) in order to pay less tax.

As stated by the [government guidance](#) 'The rules make sure that workers, who would have been an employee if they were providing their services directly to the client, pay broadly the same Income Tax and National Insurance contributions as employees.'

Since 2017, public authorities have been responsible for deciding if the rules apply. Medium and large-sized clients outside the public sector have been responsible for doing so since 6 April 2021.

Rules for small company clients differ and FJWilson will brief you about this if the situation arises. Many clients use the free government tool [CEST](#) to assess whether the engagement falls within or outside IR35.

The government provides detailed information on IR35 [here](#).



How do I choose an umbrella company?

FJWilson contractors are generally employed by the umbrella company Pendragon Consultancy, whom we selected for recommendation following due diligence and who, like us, exhibit a personable and responsive style.

If you wish to work through another umbrella company, we ask that it is FCSA-accredited. The [FCSA website](#) includes a directory of accredited members.

What deductions are made to my gross pay for an inside IR35 assignment?

You can see take-home pay illustrations prepared by umbrella company Pendragon Consultancy for gross daily pay rates of £350, £400, £450, and £500 [here](#). These show deductions made for tax (at the basic rate), national insurance and the umbrella company margin for its employment services.

If your assignment lasts for more than 12 weeks you become eligible for automatic enrolment and would make pension contributions unless you opt out of your umbrella company workplace pension.

What about holiday pay?

All umbrella company employees are entitled to the statutory 28 days holiday pay per annum (pro rata). The umbrella company will explain your options on how this is paid to you. You could be eligible for more days' holiday if your client stipulates a higher number of days.

What are my other statutory entitlements?

Under the Agency Workers Regulations, clients must give umbrella company employees equal access to facilities (e.g., staff canteen) and provide information on any vacancies with the client from day one of their assignment.

If the assignment lasts more than 12 weeks agency workers become entitled to the same pay and working conditions that would have applied to them had they been engaged directly by the client in the role concerned. In rare cases this could mean you receive a pay increase - in most cases our clients offer a contractor day rate from the outset that compares favourably with employee salaries and enhanced benefits.

How are contractors recruited?

FJWilson takes a brief from the client, which includes a detailed description of the services required for the project and the IR35 status determination statement. FJWilson then searches for suitable candidates on the client's behalf.

All candidates are required to [register with us](#) (subject to our terms of registration) in order that we can discuss the details of any potential assignments.

Shortlisted candidates are briefed by FJWilson and normally interviewed by the client, as for any other vacancy. A verbal offer is made to the successful candidate by FJWilson on the client's behalf, subject to background screening checks.

FJWilson then engages [PeopleCheck](#) to conduct employment verification and right-to-work checks on our behalf.



'Inside IR35' assignments

Following the verbal offer, the successful candidate makes contact with their chosen umbrella company for briefing and signs an employment contract.

FJWilson finalises project confirmation documents with the client and the umbrella company respectively. These detail the scope, terms and conditions of the engagement, such as description of services to be provided, fees payable to the umbrella and contractor, any expenses payable, other contractor entitlements, contract start date, end date or expected duration, and notice period. Each contractor will receive a copy of the project confirmation. Once all parties agree to the terms of the assignment, project confirmation agreements are signed by FJWilson, the umbrella company, and the client.

'Outside IR35' assignments

The successful candidate provides FJWilson with details of their PSC (personal service company). FJWilson checks that the PSC is compliant with Onshore Intermediaries legislation and Managed Service Companies (MSC) legislation, before setting it up as a supplier on its accounting system.

How am I paid?

'Inside IR35' assignments

Depending on what has been agreed with the client, you will be paid either weekly or monthly by your umbrella company, based on the number of 'professional days' you worked in the previous week or month.

We will issue you a timesheet, which you must complete and send to your designated client 'authoriser' at the end of each week or month for approval. Your timesheet is sent via FJWilson to the umbrella company payroll department to pay you.

The number of hours in a 'professional day' varies by client. This will be specified on the project confirmation supplied by your umbrella company as well as on the timesheet we send you.

'Outside IR35' assignments

The payment basis will be agreed as part of the assignment offer. Payments may be scheduled according to a series of project milestones rather than at monthly intervals.

You will invoice FJWilson on the agreed basis, having gained client authorisation that the work has been completed satisfactorily.

Can FJWilson pay me through my existing PSC for an 'inside IR35' assignment?

FJWilson does not operate PAYE, so this is not an option. We can only engage with PSCs for 'outside IR35' assignments.

If you have any other questions do contact us at resourcingteam@fjwilson.