

Contractorcalculator survey shows that we're not prepared!

ContractorCalculator Survey

- o Only 51% of contractors run a limited company.
- o 29% are using composite companies.
- o 56% of those affected say they don't know what to do.

In a ground-breaking survey of our readership, ContractorCalculator has learned that far too many contractors are not prepared for the changes that the new Finance Law, which goes into effect on April 6th, inaugurates.

Responses from nearly 300 contractors show some surprising results. Despite our regular discussion of the issue of [managed service companies](#) and composite companies, far too many contractors simply don't understand the legislation or are not prepared to make the changes they need to make.

April 6 Deadline

They have only until April 6th!

Of those surveyed:

- o 51% (almost half of those polled) run a limited company already
- o About half of those polled say they still don't understand what's going on
- o 29% are still in composites
- o 44% of those in composites don't understand what to do
- o A full 38% of those in composites say they are outside IR35 and plan to form limited (or personal service) companies
- o Only 5% of those in composites are inside IR35 and plan to join PAYE Umbrella companies

There is Not Much Time Left

The lack of comprehension is surprising, given that the issue has had ample attention both here and on the part of other observers.

Need to Act NOW!

Comments Barry Roback, CEO of the Watford-based [JSA](#), an accounting firm which specialises in contractor affairs: "It is disappointing so few contractors appear to have any real understanding of it. I guess not too many can be JSA clients because we have spoken one-on-one to each and every one of our clients affected by the changes."

April 6th is not far off. If contractors opt for a [limited company](#) (which should be the only logical choice for contractors who pass [IR35](#)), then they should realise that [setting up a company](#), especially a [company bank account](#) and [VAT](#) number etc, takes time and so they need to take action NOW."

Pushed into Hasty Action

The risk of acting without a full understanding of the issues is considerable, because a contractor could wind up losing a sizeable percentage of income, or falling into non-compliance.

Says David Colom, principal of the London-based accounting firm [DJ Colom & Co.](#) which specialises in IT contracting: "It seems that there are a significant number of people out there using 'old style' composite schemes, and these either have no understanding of the legislation and/or have not decided what they are going to do."

"They will most likely be pushed into doing something by their agencies or existing umbrella companies (those who pay [dividends](#)), who will stop offering that service. Clearly contractors should read this site and use the calculators on it to understand what is at stake."

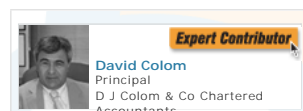
A calculator dedicated to this issue can be found at: [Managed Service Company Calculator](#)

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“ Our groundbreaking survey shows 29 per cent have composites ”
ContractorCalculator

“ Setting up a company takes time so you need to act NOW ”
Barry Roback - JSA



David Colom qualified as a Chartered Accountant in the City of London in 1981 and is the founder and principal of D J Colom & Co Chartered Accountants established in 1989.

Started specialising in serving IT contractors in 1993 and is now one of the longest standing suppliers of accountancy services to computer contractors. [Read Full Profile...](#)

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