

UK contract law and signing contracts – what the expat contractor needs to know

Contractors by definition are reviewing, [negotiating](#), agreeing and [signing contracts](#) all the time – that's why they are called contractors. So expat contractors need just enough knowledge about [contract law](#) to [understand the basics](#) and know when they should ask for professional help.

There is no substitute for professional legal advice and this is true for all contractors, whether they have lived and worked all their lives in the UK or are newly arrived expat contractors just starting work.

Lawyers' services can be expensive and it is quite possible that an expat contractor would have already spent a significant amount of their cash on an [immigration attorney](#). However, lawyers' fees are very cost-effective when compared to what it could cost contractors who don't seek advice and get it wrong.

A basic knowledge of the law is also essential for when things go wrong, so a contractor knows when to try to solve a problem themselves and when to find a solicitor or other professional adviser. This can happen in payment and other disputes with agents and clients, as well as with the UK's tax authority, known as [Her Majesty's Revenue & Customs](#) (HMRC).

How UK law works

Like most Anglo-Saxon countries, common law in the UK is based on interpretation. There are a set of rules, which is the written legislation, and there is the interpretation of the rules, which is called case law.

People often imagine the law to be a long list of things you can and can't do. This is partly true, but the UK's system of common law allows judges to interpret legislation – to be pragmatic and to approach the complexities of each case on its own merits. And the UK's judges have a centuries-old tradition of using common sense to interpret law, rather than sticking firmly to what is written down, even if it is at odds with common sense.

In practical terms, for expat contractors this means that the law is subject to interpretation, and in a serious dispute is not something contractors should attempt to apply themselves. So effective legal advice from specialists is usually cost-effective.

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Contract law – what is a contract?

A contract is a legally binding agreement between a contractor's trading vehicle, which may be a [limited company](#) or an [umbrella company](#), and the agency or, if contracting direct, with the end-user client.

All contracts have two things in common:

The contractor exchanges their services for a 'consideration', which is usually a cash payment, but need not be (contract law goes back centuries to when a 'consideration' might, for instance, be a lamb)

A contract is determined when an offer has been accepted, even if only verbally.

Why should these technicalities concern an expat contractor? Because during disputes, which services were agreed to for a consideration becomes an important factor. So if an expat contractor accepts an offer from a client or agent, even if perhaps they did not mean to, the contract has been formed and is legally binding.

There are other technicalities. For example, both parties must enter into the contract freely, and usually, but not always, an offer is accepted by a signature on a contract, which is described as a fully executed contract when both parties sign. But it is important to note that a [verbal agreement](#) still constitutes a contract in law.

Contracts are legally binding

Once the contract has been agreed between the contractor and the agency or client, then it is legally binding. If the agency or client fails to provide the 'consideration', or pay, they are in breach of contract.

Similarly, if the contractor does not arrive at work one day to perform the services, they are in breach of contract because they have not fulfilled their obligations according to the contract. This is an important point, because the contractor is not an employee.

If a client asks a contractor to perform services that are not included in the contract, then the contractor is perfectly within their rights to refuse to perform these duties, without being in breach of contract. The contractor may agree to extend the contract to encompass these new duties in exchange for a greater consideration, or more money, which is also perfectly OK.

Nothing is 'normal' or 'standard'

Expat contractors do not automatically have to accept a contract offered by an agent or client. It is possible to negotiate the clauses, and this is where having a legal adviser to assist can be hugely valuable.

Sometimes, what is not in a contract is just as important as what is included in a contract. For example, contracts might not include a termination clause, which would allow the contractor to **cancel the contract** before the end date – a good legal adviser will spot this and insist this clause is included. They are also likely to help remove unfavourable clauses.

The other hugely important issue for expat contractors to consider is the UK's **IR35 tax legislation**, which is covered elsewhere on this website. The way a contract is written will determine whether or not that contract falls within the IR35 legislation; this makes **a very big difference** to how much tax the contractor pays, as can be seen using an **IR35 calculator**.

Therefore, once again, it is highly recommended that expat contractors seek expert, professional advice before agreeing to any contract – it is likely to save money in the long term.

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