

Top UK contracting myths –realities revealed for expat and overseas contractors

Expatriate (expat) contractors who are considering a move to the UK to start a career in contracting should not be discouraged by the myths that abound about UK contracting.

If approached in the right way, there is no reason why any highly skilled and qualified worker cannot have an enjoyable, fulfilling and profitable contracting career in the UK.

Some of the myths that often originate from employers or managers desperate not to lose their best permanent workers include:

Myth 1: Contracting incomes are not much higher than permanent salaries

Contractors should always **earn more than permanent employees**, often considerably more. As long as contractors take the time to learn and implement **sales and marketing skills**, they will have no gaps between contracts. And for some specialist skills, contractors can double or triple the take-home pay they would receive as an employee.

Expat contractors may bring with them unique skills and experiences that will place them in a very strong position when **seeking UK contracts**, and so could command high rates of pay.

Myth 2: Contractor skills rapidly become outdated

Some permanent workers are afraid that without their employer to continuously train them, their skills will rapidly become outdated if they chose to become a contractor.

Contractors actually have much more control over their professional development than permanent employees, being able to go on the courses they want to, when they want to. This allows contractors to train themselves on 'the next big thing', which is another way to stay in regular contracts.

Because contractors earn so much more than employees, they will be able to pay for suitable courses when they want and need them. They'll also be able to take time off for training, because they are in control of their working lives.

Myth 3: Contractors get all the boring work left over from permanent workers

The reverse is true. Contractors are typically taken on because they have high-level skills that the client's employees don't possess. In addition, contractors don't have to do any work not specified in their contract. Therefore, they can choose not to work on contracts they fear will be uninteresting, and can leave by not renewing their contract if they do not enjoy what they are doing.

Myth 4: Contractors don't get any benefits

Of course, contractors don't get employee benefits like sick pay, holidays, health insurance, company cars or pensions. That is because they are not employees. However, contractors earn enough and **leverage sufficient tax advantages** to pay for all these things themselves.

They can also choose the benefits they want and need, which employees cannot. For example, a single contractor with no dependants is unlikely to want life assurance, but a similar employee will be 'forced' to take this as a benefit of employment, even though it effectively reduces the contractor's earnings.

Some expat contractors will be used to paying for many things normally considered benefits in the UK, and should find that, as a result of going contracting, they will have significantly more disposable income.

Myth 5: It is difficult for contractors to get mortgages or other financial services

Many years ago, contractors may have had trouble in getting a **mortgage** and other financial services. However, now there are specialist firms and independent financial advisers who source financial products created by banks and insurers specifically for contractors.

Contractors are a hugely lucrative market. They are generally high margin big spenders, so financial services continue to develop a range of targeted products to suit contractors and the contracting lifestyle.

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Myth 6: Contractors are liable to get sued if they make mistakes

Contractors are not employees; they are a **service company** providing a business service to their clients. This means contractors are ultimately liable for any errors they make. But as service companies, they can remedy any mistakes at their own costs and also have **professional indemnity insurance** to protect

them and their assets in the event of a client threatening legal action.

Contractors who work through [umbrella companies](#) will be covered by the professional indemnity insurance cover the umbrella company holds.

Myth 7: Running a limited company is difficult and time consuming

Firstly, contractors can choose to do as little or as much of their company administration as they choose. Most can be outsourced to an [accountant or bookkeeper](#), significantly reducing the time burden.

Secondly, contractors can choose to work for an [umbrella company](#). They do not enjoy the same level of tax efficiency as with a limited company, but they still can enjoy certain 'tax breaks' and so generally earn more than employees, with virtually no administration.

1.4 million contractors can't all be wrong...

The number of contractors in the UK has grown over time to total an estimated 1.4m people, according to research by industry body the Professional Contractors Group ([PCG](#)). A great many of these are expat contractors coming from outside the UK and the European Union.

Some contractors have been contracting for decades, although many more invest their increased earnings into [pension schemes](#), property and other financial assets and chose to retire early.

PCG forecasts that the number of contractors will only increase, as more workers begin to enjoy the benefits of the contracting lifestyle. Such benefits include more fulfilling work, better conditions, higher pay and total control and flexibility.

Contracting does not suit every kind of personality, but is likely to suit the type of worker willing to take the risk of relocating to a new country.

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