



# Umbrella Company **Vs** Limited Company

## What's best for you?

### Earning potential

Provides employment benefits but **less** tax efficient than a Limited Company.



**Most** tax efficient option for contractors - you get more money in your pocket.

### Paperwork / Admin

**Little admin** to do, you simply submit your timesheets.



**You are responsible** for making sure your paperwork is in order and your accounts are submitted. An accountant can help you with this.

### How does it work?

Agency pays the Umbrella company and the Umbrella company, your employer, pays you.



**You are responsible** for invoicing and managing the company bank account. The agency pays your company direct. An accountant can help with your company bookkeeping.

### How is Tax calculated?

Employed levels of tax and NI is calculated and paid.



You are **free to choose** your mix of salary and dividends.

**An Umbrella company could be best if you...**

**A Limited company could be best if you...**

- Want one employer whilst you are contracting
- Want a quick and easy payroll service
- Want access to a pension plan
- Want to build up an employment record for the purpose of mortgage applications
- Want the benefit of continuous employment, without setting up a limited company.

- Tend to work on multiple projects or are a long term contractor with a number of contracts
- Want to work in the most tax-efficient way possible
- Fall outside IR35
- Want complete control of your company and finances.

### Find out more

To see how PayStream can enhance your contractors' take home pay, call our New Business Team on 0800 197 6516 or email [newbusiness@paystream.co.uk](mailto:newbusiness@paystream.co.uk)

**PayStream\***  
Makes Perfect Sense...