



In their own words:
Moving from PSC
to Umbrella

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A PayStream Q&A with Martin Whalley

Depending on your circumstances, when you choose to work as a contractor you have a choice as to how you get paid. Do you go via the agencies payroll? Work through an umbrella company? Set up your own limited company? The nature of the contract you take can also determine what payment options are available to you, as can changes in legislation, so it's not uncommon to see contractors switching between the different options.

In anticipation of the private sector changes being introduced in April 2021, many contractors are finding themselves in a position where they need to move from their limited company to working through an umbrella company.

So we spoke to Martin Whalley, a PayStream customer who made this change, to find out what spurred it on and how he's found the experience.

The impact of IR35

Martin works in the IT sector, delivering a range of solutions to firms and government organisations. He's been involved in this industry for around 30 years,

but roughly six years ago he decided to set up his own limited company, using PayStream's My PSC service.

However, his most recent contract required him to work inside IR35, which is what prompted his decision to switch to working through an umbrella company.

"I effectively put my limited company into a state of dormancy whilst working on this contract"

This is an option available to limited company contractors who see themselves as being on an inside IR35 contract for a short period of time.

Making the switch

When Martin was working as a limited company contractor, PayStream helped him with his limited company admin as well as providing tailored all year round advice and support.

However, moving to an umbrella company service meant changing the way he was used to working as a contractor, rather than working through his own limited company he was moving over to becoming an employee of an umbrella company, which was something we wanted to ensure went as quickly and smoothly as possible for him.

“It was extremely easy” said Martin. Part of this was due to the fact that we already had Martin’s details, however he also found the online registration process nice and simple.

This was something Martin expected; when we asked him if he had any worries about changing from the limited company service to working through the umbrella company, he said: “None at all whatsoever.” Having been with PayStream for a while, he was comfortable with our processes and confident we would make the change simple and effective.

Working as an umbrella contractor

So, how has Martin found the experience of working as an umbrella contractor? One thing he’s enjoying is the fact his tax is taken off his income before he receives it.

“You know that your payment is your net payment, so there’s nothing else to pay”

This gives added piece of mind when compared to working through a limited company. There are other aspects of umbrella contracting Martin is pleased about. “There are the small benefits,” he said.

“Obviously there’s a pension that goes with it, and I can claim sick pay.”

However, for the most part he doesn’t see it as any different from working through his limited company. Because of this, convenience is crucial.

At PayStream, we know you might want to switch between different services as your career develops or as legislation changes. That’s why we’ve made it as easy as possible for you to do so, with all your details being easily transferable between services to minimise hassle on your end.

Unsure whether to use our umbrella company or limited company service? Our new business consultants will take the time to understand your needs, wants and circumstances in order to identify the service that’s right for you, not what’s right for us.

For more information on how we can make your life easier as a contractor, contact a member of our team today:

Call us on **0161 929 6000** or email **info@paystream.co.uk**



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