



Questions to ask when choosing your Umbrella Company



Are there any hidden fees?

Check to see if there are any unjustified fees, such as entry or exit charges.

Do they have a complex fee structure?

Some companies combine their fees with your rates so always check the margins they work to. If it seems over-complicated, don't risk it! Go with an Umbrella where you explicitly understand the fees.

Do they allow expense claims without receipts?

They would be disallowed by HMRC and you would be liable for all the tax owing.

How long ago were they founded?

Look for reputation and experience. Any recently established Umbrella Companies are at higher risk of folding or going into administration and they will end up taking your money with them!

Are they FCSA Accredited?

FCSA are an external auditor and ensures the Umbrella Company is working to the highest compliance standards. This is the main thing Hunter MH checks for before allowing an Umbrella Company onto the preferred suppliers list.

Are they on a Preferred Suppliers List (PSL)?

This means they have passed the rigorous vetting procedures of the Recruitment Agency.

Are they user-friendly?

Think about how they have spoken to you and check for any discrepancies in communication. For example, have they said the same thing to your recruitment agency as they have said to you.

Red Flags: Umbrella Companies who claim to save you tax. Some people that are employed through Umbrella Companies are signing up to arrangements that claim to save them tax, but these are actually tax avoidance schemes. Most Umbrella Companies operate within the tax rules. However, some Umbrella Companies promote arrangements that claim to be a 'legitimate' or a 'tax efficient' way of keeping more of your income by reducing your tax liability. These arrangements leave you at risk because you are ultimately responsible for your own tax affairs and for paying the correct amount of tax and National Insurance contributions.

HMRC has listed the following warning signs to help you spot a non-compliant Umbrella Company. You should check if:

The company promises that you can keep 80, 90 or 95% of your wages and be tax compliant (this is unlikely to be true as, in most cases, the basic rate of Income Tax is 20% and National Insurance contributions are also due on earnings. This means a compliant umbrella would typically offer you a take-home of 60-65%);

Only a fraction of your salary is paid through payroll and subject to PAYE (indicating that you are only paying tax on some of your income);

You are paid using a loan, credit or investment payment and the company claims this isn't subject to income tax or National Insurance contributions (this is tax avoidance);

The payment from your Umbrella Company is routed through various companies before it comes to you.

If you believe you may have fallen victim to this, please follow the instructions listed [here](#). The dangers of using an Umbrella Company that operates any type of tax evasion or avoidance puts you at the forefront of risk! You would be liable for repaying unpaid tax and National Insurance to HMRC. Regrettably this is happening now, with individuals having to pay back life-changing sums of money, causing bankruptcy and many other financially damaging losses. Hunter MH only promotes and advises the use of Umbrella Companies that are audited and safeguarded against such risk.