

Freelancing Matters

**Protecting
and promoting
the interests
of freelancers**

**Focus on
quality**

**Uncertainty
prevails for family
businesses**

**PCGPlus
bundles extra
benefits**



Dr Simon Juden
Chairman

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Freelancing Matters is published by
Professional Contractors Group Limited
Sovereign Court, 635 Sipson Road
West Drayton, UB7 0JE
All enquiries:
T: 0845 125 9899 Fax: 0845 644 4105
E: info@pcg.org.uk
W: www.pcg.org.uk

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From strength to strength

2004 has been a busy year for PCG and since the current board was elected in May, most of the objectives published to members in early June have been achieved.

A few of the notable successes include:

- ◆ strong growth in membership and improvement in membership retention rates
- ◆ improved and increased media coverage
- ◆ increased representation by policy team at government, department and select committee level
- ◆ an expanded sphere of influence with complementary organisations
- ◆ introduction of the PCG (QS) ISO9001 certification scheme for members
- ◆ launch of a PCG Approved Contract scheme

We continue to lead the debate on the role and status of freelancers at a national level and beyond. With a general election perhaps only months away, PCG will strengthen its call for clarity and consistency in tax legislation and reductions to the red tape that strangles so many small businesses. It is hard to imagine a simpler business model than that of the freelancer; surely it must be right that the simplest of businesses face a simple tax and regulatory regime. We know that government listens to us; our challenge is to make sure that it hears.

We share the Chancellor's vision of world leadership in technology, as articulated in his pre-Budget report, and agree that training and skills development are critical to achieving his stated goals. Taking new developments out into industry is crucial to keeping UK plc at the cutting technological edge and the one in seven UK workers who are freelance are at the forefront of this dissemination. It was, therefore, disappointing that the sector did not merit a mention in the Budget papers. Freelancers caught by IR35 cannot even claim against their tax the training required to retain and develop

these cutting-edge skills – unlike the consultancies with which they compete.

HM Treasury has published a discussion paper entitled 'Small companies, the self-employed and the tax system', and we are pleased to note the Government's belief that 'small businesses can play a pivotal role in supporting economic objectives' which we share. PCG will participate at the heart of the ongoing discussion, providing a strong and positive contribution. It is heartening to see that this paper recognises the limitations of the old fashioned view of everyone as either an employer or an employee; our challenge remains to ensure that this recognition spreads throughout government and carries through into legislation at all levels.

In March, PCG will be at the High Court for the Arctic Systems appeal. This critical case will determine tax bills for hundreds of thousands of family businesses, and demonstrates very aptly the unacceptable uncertainty facing freelancers trying to self-assess, with two highly expert commissioners of tax disagreeing pretty fundamentally on the tax bill of an extremely simple consultancy business. We are enormously grateful to all those who have generously supported the Arctic appeal and hope that much-needed support will continue.

Finally, as many of you will already be aware, there have been a number of internal changes within PCG, culminating in the appointment of John Thomas as our first ever chief executive, a post he takes up in January. The board has enormous confidence that John is the right person to drive the next steps in PCG's evolution. I am sure you will join me in wishing him well in this pivotal new role.

Thank you for your continued support, and best wishes for a happy and prosperous 2005.

Useful contact numbers

PCG administration and support helplines

Membership administration	0845 125 9899
General enquiries	0845 125 9899
Tax investigation claim line	0845 125 9899
Legal helpline	0845 125 9251
Tax helpline	0845 125 9252

Contract review service suppliers

Accountax	01908 277 377
Bauer & Cottrell	01525 712 727
Lawspeed	01273 236 236
SJD Accountancy	0500 152 500
PI & liability insurance	
Randell Dorling	020 7929 5454

New chief executive for PCG



PCG has announced the appointment of John Thomas as chief executive officer.

John has worked with PCG for over two years, most recently as chief operations officer with responsibility for member services and operations.

In a career spanning nearly 30 years, 21 of which were at various divisions of ICL, John has undertaken a range of project management and programme director roles and projects, mostly in the IT sector. His activities have encompassed operational management, both in-house and outsourced, service level management, the development of strategic alliances, board-level troubleshooting and sales and programme management. He moved into contracting five years ago.

Announcing the appointment, PCG chairman Dr Simon Juden said, "I am delighted that John has agreed to become PCG's first ever CEO. The board has enormous confidence in him and his ability to take PCG to the next level. John will manage the executive team responsible for the day-to-day running of the business and delivery of our objectives, allowing the board to focus on governance, policy, objectives and strategy. We have some exciting and ambitious plans for the coming year, and I am pleased that John will be on board to help drive them forward."

In accepting his appointment, John said, "PCG has an important role to play in representing the interests of the freelance contracting and consulting community, and can be very proud of its achievements since its inception, especially during the past two years. There are many challenges and opportunities ahead, and I am looking forward to working with the operational teams and with the board to deliver against the objectives identified for the next phase of PCG's development. One of our most important tasks is to continue enhancing the value of membership and the range of benefits available to members."

John will take up his appointment at the beginning of January 2005.

On the move

Sustained increases in membership, marketing, case law and policy activities have resulted in PCG expanding its headcount of staff and suppliers. The new recruits will help not only to remove some of the bottlenecks in the operation but also to help PCG gear up for the next stage in its growth.

Mark Wharton joins PCG in January as operations manager, with the responsibility for member services and operations. John Kell joins as a researcher in January. His role will include keeping the board up-to-date in terms of forthcoming legislation and proposals, identifying consultation opportunities and drafting responses, updating website material and updating and writing guides.

Laura Bolton, who is a sandwich student reading marketing and business studies at Brighton University, joined on a one-year contract in July to assist with day-to-day marketing duties and attend co-hosted events. She has been involved in the distribution of press releases, organisation of Friends Day and other events and helped marketing support manager Mandie Bell look



Mandie, Kevin, Laura and Jacinta

after new and existing Affiliate members.

Kevin Stearns continues to run the office and administrative functions efficiently, assisted in the mornings by Jacinta O'Sullivan.



Freelance contractors Geoffrey Rutherford and Luke Mackenzie are working with the IT team to provide support and web design services respectively.

PCG's marketing and administration teams moved offices to Sovereign Court in Sipson Road, West Drayton at the end of October.

The rationale for moving was to reduce costs whilst securing more space to support PCG's expansion and accommodate improved IT facilities. Kevin Stearns took responsibility for the logistics planning, and Ian Durrant and his team worked long hours to ensure a smooth transfer of the IT and communications infrastructure.

This included the implementation of PCG's own network and firewall, and a new server. According to Ian, the benefits include remote access to the router and server for support without having to visit the office, remote logins to the new PCG office server for support and backup configuration, as well as the potential to run a virtual private network (VPN), allowing remote users access to PCG's master store of documents.

PCG's main telephone number remains the same, and the fax number has been changed to 0845 644 4105.

Events Diary



During 2004, PCG hosted, participated in or attended the following events:

- ◆ Alliance of Business Consultants
- ◆ CBI conference
- ◆ Co-hosted freelancer seminars with Baker Watkin and Wilkins Kennedy
- ◆ Conservative Party conference
- ◆ Conservative Party Small Business Summit
- ◆ Consultants Network Forum
- ◆ DHL Jobs Fair
- ◆ DTI offshoring seminar
- ◆ Freelancer seminars in London, Manchester, Birmingham, Bristol, Swindon, Croydon and Southampton
- ◆ FSB 30th anniversary
- ◆ Labour Party conference
- ◆ Liberal Democrat Party conference
- ◆ PCG Affiliate Day
- ◆ PCG Friends Day
- ◆ Small Business Week
- ◆ smallbusiness|europe
- ◆ TAF/DfES skills strategy seminar
- ◆ Top-Consultant seminar "Becoming a Truly Successful Freelance Consultant"
- ◆ Xchangeteam seminar

The events diary for 2005 will be published on the PCG website early in the new year.



Photograph courtesy of Russell Skidmore,

Sheffield-based TechScribe helps software companies to provide clear user documentation for their products. Dr Mike Unwalla, the 47-year-old principal, has been a technical writer in the software industry since 1994. Prior to his doctoral research, he taught English for five years. He is a Fellow of the Institute of Scientific and Technical Communicators (ISTC), the principal professional body for technical communicators in the UK. Here he shares his experiences of working as a freelance consultant.

Profile of a freelancer: Mike Unwalla

I had been a technical writer in the software industry for about five years when I decided to work for myself, back in 1999. I had been planning to become a freelance when my then employer tried to force through some unacceptable changes that made my position untenable, precipitating the plan by about three months.

I had been travelling over two hours each way between Sheffield and the far side of Leeds twice a week, and the idea of no commuting appealed to me. I also held the naïve belief that it would be easy to find work, and soon discovered the importance of publicity, promotion and marketing. If people don't know about TechScribe, they can't purchase its services. Getting into larger companies is another challenge; if you find the right person to talk to, it's fine, but getting past the gatekeepers can be a nightmare.

Government and EU bureaucracy and red tape don't make freelancing an easy choice. The business environment for us is characterised by a lack of consistency and clarity and we face a constant barrage of rapidly changing regulations and ill-defined rules. I'm glad that PCG is there to lobby on our behalf, represent us and promote our value to the economy.

Notwithstanding the downsides, I really enjoy freelancing. It gives me the freedom to pursue a variety of interesting projects; I've done so much more than I ever would have as an employee. Escaping office politics is a bonus, and it's nice to have the option of working when I want, theoretically. In reality, I usually work over 50 hours a week and take little time off – although late this last summer I did adopt the habit of stopping work around mid-afternoon each day

and strolling to the café in the botanic gardens –that was wonderful!

So what does TechScribe do? Well, we take technical information and re-present it so that non-experts can understand.

You may have the greatest software on the planet, but if your on-screen help and user guides are not clear, then your customers will struggle with the software. They'll call your helpdesk and they'll complain. There is a great need for good technical documentation. Much so-called 'documentation' is just garbage –'technobabble', buzzwords and unhelpful information.

"I would advise anyone thinking about freelancing to go for it, but be aware that it is very hard work. You have to publicise and market yourself actively; this is not necessarily expensive, but it will take time and effort."

Technical writing is a third career for me. Many years ago, I taught English as a foreign language. Following that, my doctoral research was on file partitioning in multi-processor database machines. That combination of teaching and training skills, English language skills and technical ability is very rare. It means that technical people can talk to me in their language; I re-present the information in a manner that is

BSI appoints new documentation expert

The British Standards Institution (BSI) appointed Dr Mike Unwalla as Principal UK Expert for software documentation in November this year.

"Good user documentation can save industry millions of pounds," said President of the Institute of Scientific and Technical Communicators, Gavin Ireland. "We nominated Mike for this important role because of his proven commitment to the Technical Communication profession."

The System Software Documentation working group (WG2) works under the auspices of the International Organisation for Standardisation (ISO). It defines best-practice standards in the field of technical communication for software products.

Technical writers around the world then use the standards to help them produce clear user documentation. This results in user-friendly manuals and online help systems, which benefit both the customer and the end-user.

Outgoing expert and now convener of the ISO working group, Richard Hodgkinson, who recently retired from User Technologies at IBM, said, "Mike was a core member of the editing team for many years. I'm really pleased to welcome him as the new UK expert."

Commenting on his appointment, Mike Unwalla said, "I'm thrilled; it's a great privilege to represent the UK."

suitable to the readers of the documentation. Clients range from sole traders through to large corporate organisations such as BG Technology (now Advantica Technologies), Cedar Group plc (now Cedar Software), Lombard, Mapeley, Save the Children Fund, and the University of Sheffield. Much of TechScribe's documentation is for software and ICT systems. Some of this documentation is aimed at end-users and some is for technical specialists.

Good documentation can reduce support desk costs and increase sales, as exemplified by a project that TechScribe undertook for SDL, a medium-sized software house. One of its products in the SDLX translation memory system, for which there was much documentation available – a user guide for each module, frequently asked question (FAQ) sheets, online help, self-paced training guides, “how to” guides, and various other items of help. SDL realised, however, that its documentation was not presenting the right image, and that users couldn't find the information they needed easily. It was fragmented, it made the product difficult to use, and it did not really help new users of the software.

TechScribe won the contract to re-design the documentation. After an initial briefing session, we investigated the user requirements in some detail, and based on our findings, designed a single 'Getting Started' guide which explained the essential tasks that users performed. This was less than half the size of the original manuals. We also produced online help containing a mix of task-based material and reference material,

including FAQs, trouble-shooting information and so on. Instead of having to search through many documents, users now had only two places – 'Getting Started' or online help – to find answers to their questions.

SDLX Software Support Manager, Denise Baldwin, said, “One noticeable effect of the new documentation from TechScribe was to significantly reduce the number of telephone calls and email requests to our support desk.”

Steve Westover, Product Technology Program Manager, was also pleased that the new documentation proved instrumental in generating new sales. “This customer says his decision to buy is not just because of the great product,” he said, “but also because of the clear and concise instructions in the 'Getting Started' manual making it easy to get to grips with SDLX.”

Many of our competitors are jobbing technical authors, most of whom work through agencies, typically at a client's site. TechScribe differs by offering a documentation service, which includes analysis of the overall business goals. A few other technical authors do this too, and we have a portal of Quality Independent Authors through which potential clients can source a truly independent author.

I would advise anyone thinking about freelancing to go for it, but be aware that it is very hard work. You have to publicise and market yourself actively; this is not necessarily expensive, but it will take time and effort.

Will Kintish, a professional business coach, says,



Mike enjoying a rare moment of free time.

“The strategy for survival is visibility” and I agree with him wholeheartedly. You have to network, but choose your networks carefully and learn some techniques for doing it right. Get involved with your business community. Write professional articles for journals. Write press releases; if you've got a good story, the local press will snap it up. Get a decent website; in terms of return on investment, my website beats all other forms of publicity.

It's also important to have interests outside work. I like to indulge in poetry, walking and going to the gym, and until recently was with an adventure group called Spice, through which I got involved in a few tame activities like fire eating, wing walking, ballooning and flying a jet plane.

For further information, see www.techscribe.co.uk, www.qualityauthors.co.uk, www.istc.org.uk, www.kintish.co.uk and www.bsi-global.com

Payment services for freelance contractors

- *We pay our contractors on time.*
- *We provide an easy to understand choice of options and we always talk it through with you.*
- *Our services range from a completely managed package to a flexible accountancy service for people who run their own business.*
- *We research continuously to ensure that we provide the best tax solutions within the current legal framework.*

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email: admin@ams-contractors.co.uk
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www.astoncarter.co.uk

Policy team: debate on self-employment in Europe

PCG's external affairs team continues its efforts to maintain a high profile at Westminster and beyond with regular contact across the political spectrum and with other organisations, from trade unions to the CBI. PCG offered its submission to Chancellor Gordon Brown ahead of his pre-Budget statement on 2 December.

Meanwhile, external affairs director Ian Durrant and political advisers David Ramsden and Jo Phillips spent two days in Brussels attending a series of meetings with MEPs and EU officials. It is apparent that freelancing is steadily moving up the European agenda and some of the issues are outlined in a paper entitled "Second career: Overcoming the obstacles faced by dependent employees who want to become self-employed and/or start their own business", given to PCG by its Europe advisers, [smallbusiness|europe](#).

The draft report was prepared by a group of national experts, including Ron Dowling of the Small Business Service for the UK and Thomas Jaegers from DG-Enterprise for the European Commission. Space does not permit reproducing the report in full here; extracts are shown in *italics*.

The report focuses on "dependent" employees, who according to various studies are more likely to succeed in self-employment for a number of reasons:

- ◆ they will have already gained some management competencies as an employee
- ◆ they will be better informed about market conditions (demand, competitors, costs, prices etc.) as well as technologies and distribution channels
- ◆ this insider knowledge will allow them to identify niches and unmet needs in the market, adopting a 'determining' market strategy which is more likely to be successful
- ◆ they will have already established business contacts and networks
- ◆ entrepreneurship among this group will be opportunity-driven, i.e. they have chosen to be self-employed rather than being forced into this state by unemployment, therefore will have more motivation and be more ambitious regarding growth and employing staff
- ◆ they may have accumulated savings which they can use to get through the initial difficult period after business start up

However, often as a result of opposition from established businesses, this group have not received as much encouragement towards entrepreneurship as other groups such as women, ethnic minorities and the unemployed, and support services are not really targeted towards the group. This can be problematic as dependent employees may take a 'detour' via unemployment in order to receive certain benefits when beginning self-employment.

In addition to the general factors contributing to a lack of entrepreneurship in EU (a risk averse society; low social reputation of entrepreneurs; lack of entrepreneurial role models; greater perception of difficulties in starting and operating a business; fear of bankruptcy, losing property and personal failure; job insecurity), dependent employees may face obstacles to becoming self-employed such as:

- ◆ Having more to lose in terms of job security, income, savings, social entitlements etc.
- ◆ Loyalty/obligation to existing employer
- ◆ Demography – they tend to be older and are more likely to have structural expenses (a family to support, a mortgage etc).
- ◆ Braking factors (i.e. positive things about being a dependent employee) may act as a deterrent from self-employment

"We welcome this report as a key trigger in the debate about rights to be self employed and the status of freelancers across the European Union. It is clear that this issue is now on the European agenda and PCG is working closely with MEPs of all parties and EU officials to ensure that the voice of the freelancer is heard loud and clear."

Whilst identifying that psychological factors such as dissatisfaction with current job or a desire for greater autonomy are most important in the decision to become self-employed, the report focuses on obstacles for those who already want to become self-employed rather than initiatives to artificially encourage self-employment.

According to the report, these obstacles include:

- ◆ Legal definition of self-employment
- ◆ Social security issues (health, unemployment, disability, old age pension etc)
- ◆ Taxation
- ◆ Labour law, labour contracts
- ◆ General problems relating to start-ups, including finance

The report concludes that the main problems relate not to the transition between employment and self-employment but to the weak entrepreneurial basis of European societies in general, which needed to be tackled in schools and universities.

An appendix to the report examines the situation in the UK:

- ◆ UK has lowest levels of barriers to entrepreneurship of all countries surveyed (9 EU States and US)
- ◆ Around 30% of self-employed and business owners in the UK in 2001 had had a period of dependent employment in 2000.
- ◆ In the UK definition, unemployment and sickness are considered structural obstacles to self-employment, licenses are considered a temporary advantage and finance is considered a temporary obstacle.
- ◆ Definition of self-employment relies on case law criteria, e.g. control (who determines when and where the worker works and what they do), financial risk (investment in machinery and fixed price rather than hourly rate are indicators of self-employment)
- ◆ Self-employed register with IR if meet criteria. Guidance and assistance are provided to help determine status so confusion is usually avoided. Engager must decide if the worker is self-employed or not, and if they get it wrong it's their responsibility to pay arrears of tax and social security contributions.
- ◆ Dependent employees who are moving to self-employment may receive contribution-based job seekers' allowance (JSA) for up to 26 weeks in a period known as "test trading" providing they have previously paid NI contributions. Those who have previously only paid NI contributions for self-employment, or who still need help after the first 6 months may be eligible for income-based JSA.
- ◆ Employed people becoming self-employed and on benefit may be able to claim a working tax credit, meaning tax liabilities are calculated on basis of previous year's earnings with a threshold of £15,000. May benefit lower wage earners who are becoming self-employed by allowing them to keep a higher proportion of the total business income during the current year.
- ◆ Government Business Volunteer Mentoring (BVM) project available free of charge.
- ◆ Means tested JSA provides safety net to Class 2 national insurance contributors who do not qualify for incapacity benefit.
- ◆ NHS removes problems with health provision for self-employed.

Commenting on the paper, Ian Durrant said, "We welcome this report as a key trigger in the debate about rights to be self employed and the status of freelancers across the European Union. It is clear that this issue is now on the European agenda and PCG is working closely with MEPs of all parties and EU officials to ensure that the voice of the freelancer is heard loud and clear. For too long, discussion about work and employment has focused on the old models of worker/boss/ government relationships and it is encouraging to see that there is growing recognition of different ways of working and in particular freelancing." The paper and its findings are expected to be discussed in full early in 2005 and PCG will participate. PCG will notify members when the final paper is published.

Focus on quality: update on PCG (QS)



PCG's ISO9001:2000 quality scheme for members was ratified by the board in early October and Simon Juden issued an appeal to members for beta testers who were willing to help prove the system and ensure that it met all its tests both technically and in terms of usability. In early November, the scheme was given its official name of PCG Quality Systems or PCG (QS) and launched on 11 November at PCG Friends Day.

The first workshop for beta testers, a diverse group including IT contractors, engineers and a quantity surveyor, took place on Sunday 14 November at PCG's new offices in West Drayton. The project production roll-out began in December, and it is anticipated that the first group will be ready for certification in February 2005. The remaining members who have already signed up for the scheme will be able to enrol fully by the end of the first quarter 2005, and further places will be available to members who have expressed interest during 2005.

Simon Juden says, "Several hundred members expressed their interest in PCG (QS) at the outset and we will be communicating with them and with the membership in general over the coming months to provide feedback from the beta testers and from the clients and agencies with which we are discussing the scheme. It has certainly elicited an extremely positive reaction so far."

PCG is also planning a series of road shows over the next few months, demonstrating the Electronic Quality Management System (EQMS), answering questions and addressing any concerns that potential and registered participants may have. Information and updates will also be available from the PCG web site at www.pcgqs.org.uk

About ISO9001:2000 and PCG (QS)

ISO9001:2000 is the internationally recognised standard for quality, and is the preferred business management framework for over half a million organisations in 149 countries.

PCG (QS) is an ISO9001:2000 accredited certification scheme created specifically to meet the needs and working practices of the independent freelance sector. It is the first horizontal scheme of its kind, and includes some unique features:

- ◆ A fully hosted Electronic Quality Management System (EQMS) and technical support throughout
- ◆ Remote online auditing
- ◆ Ethical code of conduct
- ◆ The option of secured business loan facilities

PCG believes that the scheme will raise the overall credibility of the freelancer market, giving participants a competitive advantage and addressing a clear need in the marketplace. "Our objective was to deliver an accreditation scheme with real value in our members' market place," says Richard Robson, special projects director. "We recognised that standardisation was key to being able to deliver this at the right price, so we concentrated on the business elements common to all EQMSs and

Benefits of ISO9001:2000

Internal

- ◆ Driver of continual improvement via the 'Plan-Do-Check-Act' cycle
- ◆ A proven tool that provides a structured approach to managing process to achieve objectives
- ◆ Ensures discipline for effective data management and traceability
- ◆ Customer satisfaction focus
- ◆ A systematic approach to management

External

- ◆ Demonstrates that you are a world class quality organisation
- ◆ Creates new business opportunities with potential customers who demand certification, and gives competitive advantage
- ◆ Shows your commitment to providing your customers a high level of service
- ◆ Improves company image as being proactive and growth oriented

"Organisations who seek ISO certification to truly improve the organisation do improve; performance, quality, output, image and reduce costs."

Does ISO Certification affect competitive advantage, European Management Journal. B. Withers

delivering them efficiently, We also knew that the scheme would be credible only if it were fully accredited by UKAS; 'unaccredited' certification has no real value, especially in a new market."

BVQi has predicted that the PCG (QS) scheme will represent the single most important future development in the UK certification landscape.

"Thanks to PCG's vision and support there is now a really effective ISO9001 scheme tailored to the needs of micro businesses – something I had long dreamt about. It has taken a lot of hard work and determination to get to this point, and we have blown away traditional cost and operational barriers to small company participation. The support and enthusiasm of the Founders in helping to establish the scheme has proven that as PCG members they are real entrepreneurs and business people who will not accept the status quo."



*Colin Sansome
Fellow of the Institute of
Quality Assurance,
PCG member and director
of BQI Consulting Limited.*

Barclays backs PCG (QS) initiative

PCG (QS) received a welcome vote of confidence when Barclays Bank agreed a special loan package for PCG members wishing to spread their initial investment over 12 months. The deal features a low (8% per annum) fixed rate of interest and a single point of contact for the application. Although the usual mandatory credit checks will still be conducted against the member's company before a loan is granted, the requirement itself is pre-approved and members will simply need to supply evidence that they have registered for the scheme in justification.

PCG (QS) scheme fees for the first year are £1,300 but members may borrow up to £2,000 for participation, should they wish to defray other overheads that they might incur in achieving certification. PCG has amended the registration process, which previously required a 50% booking deposit, to suit the new financing arrangements. Loans are available retrospectively to those who have already registered.

A founder's story



Transsol Ltd specialises in engineering, safety and risk management in the railway environment. As a specialist engineering and project management consultancy, the company has a thorough understanding of UK and European rail networks and their rolling stock

and infrastructure approvals processes, based on over 10 years' experience in the industry specialising in railway safety cases, reliability, availability, maintainability and safety (RAMS) analyses and emissions, susceptibility and counter measures (EMC) assessments.

The company is conversant with the relevant European standards applicable to the railway environment; most notably European Norms EN50126, EN50128, EN50129 and EN50121 and is experienced in the application of these standards. It employs professionally qualified staff certificated against Network Rail's Engineering Safety Management System, known colloquially as the 'Yellow Book'.

In April 2004, Transsol's managing director Stuart Mealing concluded that in order to maintain and expand his company's existing business, particularly in Central Europe, ISO9001

certification was essential. He decided to implement a formal quality management system and have this audited against the requirements of ISO9001.

"It was not possible to undertake this by myself," says Stuart. "I am heavily involved in all the current projects and also have to manage the other professional people engaged by Transsol. I approached various consultants, and was quoted £12,000 to be 'advised' and 'guided' through the process. We would receive a high level, generic quality manual and a review of all the procedure documents that Transsol would need to produce.

"The real value of PCG (QS) is that it will enable small companies like us to compete with the big companies."

"I was about to sign a contract with a consultant," Stuart continues, "and you can imagine my delight when I received a brochure from PCG announcing the proposed quality scheme. Although I had been a member since 1999, I hadn't visited the website regularly, and this was the first I had heard of the scheme.

"The timing could not have been better. I was extremely impressed with the offer, and signed up immediately as a 'founder'. Not only did the

costs represent a huge saving on my planned expenditure – around £1,600 compared to £12,000 or more – but the scheme offered far more value than other schemes I had investigated. Included in the package is the consultancy support of both PCG and Qalsys/BVQI, a comprehensive quality manual AND a full set of procedures, as well as a bespoke web-based EQMS.

"In common with many other PCG members, I want to contract directly with end clients and handle multiple concurrent projects and clients. I want to be able to prove the quality behind the company, and believe that this is best achieved through the International Standardisation Organisation (ISO); the only internationally recognised measure of quality. This will allow me to take advantage of opportunities that would not otherwise exist. The real value of PCG (QS) is that it will enable small companies like us to compete with the big companies. When we finish one of our existing projects with Athens Metro in March, we will not be able to tender for future phases unless we have ISO9001 certification.

"Initially, the thought of implementing and maintaining a QMS was quite daunting, but having put a little effort into some basics, I now find it so much easier to manage the day-to-day administration. I am already seeing a reduction in the effort required on an ongoing basis, and I haven't even got up to speed yet."

See www.transsol.net



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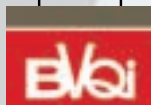
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Approved Contract scheme for agencies

PCG has developed an Approved Contract scheme for the benefit of PCG members, participating agencies and the wider freelance consulting and contracting community. The aim is to facilitate the availability of standard, commercially sound, business-to-business contracts suitable for freelance businesses operating outside IR35.

PCG approval of a standard agency contract indicates that PCG believes that it represents an acceptable model contract, where it is used in its original form. It must also reflect the real contractual relationship between the parties and must not be contradicted by other factors. As well as being reviewed by leading status experts from an IR35 perspective, an approved contract also undergoes a basic commercial terms review.

PCG endorsement is provided strictly as an indicator that the generic content has been

judged as sound and it implies no liability on behalf of PCG for its subsequent deployment.



Richard Robson, PCG special projects director, says, "After overcoming initial hurdles, we are at last able to deliver on one of Justice Burton's key recommendations following the judicial review of IR35 and offer contractors something

they've been crying out for. It is now possible to readily identify agencies with sound standard contracts and know that it will be possible to back those contracts with no-quibble guarantees from leading UK tax specialists.

"PCG's Approved Contract scheme offers a win-win solution for contractors and agencies," says Richard, "and will allow both parties to get on with managing their respective businesses instead of wasting time and money on circuitous and wearisome contract debates."

How it works

Affiliate member agencies may sign up to the Approved Contract scheme for a modest fee,

"PCG's Approved Contract scheme offers a win-win solution for contractors and agencies, and will allow both parties to get on with managing their respective businesses instead of wasting time and money on circuitous and wearisome contract debates."

which allows them to submit their standard contracts to PCG for review. PCG may recommend changes that need to be made, and once these have been agreed and implemented to PCG's satisfaction, the standard contract will be given the PCG stamp of approval and may be branded with the PCG "Contract Approved" logo.

The Affiliate member may issue the contract carrying the PCG "Contract Approved" logo, provided that it is accompanied by an up-to-date and unaltered official fact sheet from PCG outlining the terms and conditions of use.

Wreay International



Wreay International Limited specialises in the sourcing, supply and management of high level contractors, both in the UK and abroad. The Wreay Partnership is a dynamic IT recruitment

consultancy providing complete integrated solutions for the financial and technology sectors. The organisation provides search and selection, advertising and recruitment consultancy services. Through innovative approaches to skill shortages, and a reputation based exclusively on the delivery of results, The Wreay Partnership has become one of the leading consultants in the IT arena.

Wreay.com features a real-time online database of contract and permanent staff positions in the UK and abroad, and is owned

and managed by wreay.com limited on behalf of The Wreay Partnership and Wreay International Limited.

"With this scheme, you can be assured that your agent has taken the time and trouble to ensure that its paperwork is balanced and fair to contractors, and not exploitative in any way. This has to be a promising start to what should be a long and profitable relationship, based on mutual professional respect."

Derek Wreay,
Managing Director,
Wreay International Ltd
www.wreay.com

SQ Computer Personnel



SQ was launched in 1984 by Bernie Potton, a contractor himself, and has been supplying quality contract staff to numerous clients since that time.

It provides a professional service to cater for the needs of the candidate as well as the client. It prides itself on the fact that its owners and consultants are technical themselves and understand the requirements that they receive.

They keep their overheads to a minimum, which results in one of the lowest commission rates in the UK.

According to Bernie Potton, there are no secrets. Contractors are fully aware of the

The standard contract and accompanying fact sheet should bear a matching unique contract reference issued by PCG. An agency may have more than one Approved Contract, and each will have its own unique reference.

Benefits to PCG members

Any PCG member engaged under a valid PCG "Contract Approved" contract will enjoy the following benefits:

- ◆ Peace of mind, in the knowledge that they are working to an IR35 resistant contract
- ◆ The ability to start work straight away, knowing that the contractual arrangements are sound
- ◆ The option to request a free individual review from PCG's nominated tax experts if they have negotiated minor amendments of their own, or if they have a complex schedule attached
- ◆ For additional peace of mind, the option to purchase a no-quibble tax and penalties guarantee from one of PCG's partners, at a discounted rate. This would cover all the extra IR35 tax, all the extra NICs, all the interest and penalties and professional fees in defending the member's independent status were it to prove unsuccessful.

Benefits to agencies

Affiliate member agencies participating in the Approved Contract scheme will benefit in a number of ways:

- ◆ Freelance contractors and consultants prefer to work with those agencies that recognise the implications of IR35
- ◆ Having an IR35 resistant standard contract will save time and money

terms before they start the contract, including how much SQ Computer Personnel is charging the client. Furthermore, its contractors are paid weekly, not monthly.

"It is a pleasure to work with PCG and Accounttax in providing contractors with a pre-approved IR35-friendly and insurable contract. We believe that PCG's Approved Contract scheme will be of great interest and value to PCG members and non-members alike."

Bernie Potton,
Managing Director,
SQ Computer Personnel Ltd.
www.sqcp.com

PCG passes ISO9001 surveillance audit

On 12 November, PCG passed its first annual ISO9001 external surveillance audit, which is the precondition for retaining its ISO9001 certification.

This is an external verification that PCG's business processes are sound and that PCG is complying with them and demonstrating 'continuous improvement'.

The auditor highlighted the comprehensive and detailed methodologies that PCG applies to assess customer satisfaction.

Chairman Simon Juden said, "I am naturally delighted with the outcome of this audit and would like to thank all those members of the team for the hard work that they put into retaining our ISO9001 status, Colin Sansome of BQI Consulting for guiding us and acting as our internal auditor, and Richard Robson, of course, for driving through the whole process of attaining and retaining the standard."

Director Chris Woollacott will assume responsibility for PCG's ISO9001 certification and continuous improvement over the coming year.

- ◆ Having access to an IR35 resistant standard contract will provide peace of mind to freelance consultants and contractors
- ◆ Supporting PCG in representing the freelance community and taking it seriously will be seen as a positive attribute

Benefits to non-member consultants

Freelance consultants and contractors who are not PCG members may be engaged via participating agencies under a PCG "Contract Approved" contract. This will provide reassurance that the agency's generic contracts are fundamentally sound.

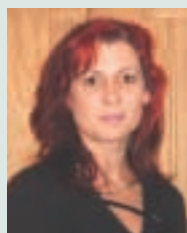
The Contract Approved process is, however, designed as a package and non-members who would like the opportunity to take up the free additional review and discounted tax and penalties guarantee should consider the excellent value that these and the other member benefits offer from just £120 a year.

For further information, see www.pcg.org.uk/acs



Missed a previous issue of Freelancing Matters? Call PCG on (0845) 125 9899.

Pendragon Information Systems



Pendragon Information Systems is the recruitment consultancy division of fast growing international management consultancy Pendragon Corporate Services.

Pendragon IS supplies recruitment agency and recruitment business services including contract and permanent recruitment consultancy and agency management services. Pendragon has consistently proven its ability to out-perform its competition by listening, understanding, designing and delivering professional consultancy services that really make a difference to its clients, sub-contractors and applicants. Areas of specialisation include IT, technical, engineering, HR, management and public sector and security vetted recruitment.

Pendragon has been an active PCG Affiliate member since its inception.

"Pendragon has been a member of PCG for many years and wholeheartedly endorses its dedication to championing the freelance community. We are honoured to be one of the first employment businesses to carry the PCG logo on our contracts and are already promoting the scheme which we believe will be welcomed by our clients and sub-contractors alike as a reassurance of our integrity as a business adviser."

Maxine Preston-Allen, Managing Director,
Pendragon Information Systems
www.pendragon-cs.com

Uncertainty prevails for family businesses

After three and a half months of waiting, judgment was handed down in the case of *Jones v Garnett* at the end of September. Geoff and Diana Jones of Arctic Systems had lost their landmark Section 660A case, which was heard by the Special Commissioners of Income Tax in June and supported by PCG.

The decision was not unanimous. The dissenting Commissioner, Ms Judith Powell, found in favour of the Joneses; however Dr Nuala Brice, who was presiding, found for the Revenue and as chair had the casting vote. The case was presented on the Joneses' behalf by Malcolm Gammie QC, an eminent tax expert, assisted by Dave Smith of Accountax Consulting, a Fellow of the Chartered Institute of Taxation.

Geoff Jones said, "We are of course very upset about losing this case, but Diana and I would like to thank PCG, not just for its financial support, but also for all the moral support from its members and directors. Being a PCG member means not having to face the authorities alone. I'm sure that many people just give up when faced with an Inland Revenue demand, however unfair or incorrect it may be."

PCG is supporting an appeal of the case at the High Court, which will start on 15, 16 or 17 March 2005 and last three days.



S660A and the Revenue view

The relevant legislation, which is now contained in section 660A of the Income and Corporation Taxes Act 1988, was originally designed to prevent a taxpayer avoiding liability to income tax by transferring assets to his family. It would have been pointless for a husband to transfer income-producing assets to his wife, at the time, since a wife's income was deemed to be her husband's for tax purposes; independent taxation of husband and wife was not introduced until 1990.

Section 660 is wide ranging in its scope and applies to situations involving individuals, companies, partnerships and trusts. It provides that any income arising under a 'settlement' is to be treated for tax purposes as the income of the 'settlor'. So where one party makes a 'settlement' for the benefit of another party, the settlor remains liable for tax on income arising from the asset settled.

There are some important statutory exemptions from the basic rule on the taxation of settlements. Most significantly, there is an exemption where the property passed to a spouse is an outright gift, unless the gift does not carry the right to the whole of the income arising or the property given is wholly or substantially a right to income.

In the *Arctic Systems* case, the Inland Revenue took the view that, because the bulk of the IT expertise was the contribution of Mr Jones and because he drew a low salary, the shares owned by Mrs Jones were 'wholly or substantially a right to income'.

Accordingly, it held that the dividend income was covered by the settlement rules and not entitled to the statutory exemption, and that the income was therefore taxable.

Legal fund

Almost from the outset, PCG has maintained a separate fighting fund to finance legal campaigns. Following the Judicial Review losses, PCG adopted an opportunistic case law strategy, looking for existing cases that were deadlocked, seeking expert advice about the merits of backing them, and taking them on if appropriate.

Most of these cases were won by PCG either at the Special Commissioners or just before. Notable wins included *Lime-IT*, *Sheerin Consulting*, *Tilbury Consulting*, *ACS*, *First DBS*, *Surton*, *Fortissimo* and *Hulleon*.

There have unfortunately been losses too - *Synaptek* and *Usetech*. There is one universal factor in all these cases though - the intense levels of stress suffered by the freelancers and their families. A long investigation certainly

takes it toll - on health, on marriages, on family life, and on one's efforts to run a business. Whilst it cannot take the stress away, having support from PCG and peers is frequently cited as a major comfort by those undergoing a tax investigation.

Support for recent cases has left the legal fund at a low point, and more money is needed to allow PCG to continue supporting cases, fighting unfairness and providing much-needed clarity in the area of employment status and taxation.

Donations to the legal fund should be made payable to "Professional Contractors Group Ltd" and sent to Legal Department, Professional Contractors Group Ltd, Sovereign Court, 635 Sipson Road, West Drayton UB7 0JE.

Please email kevin.stearns@pcg.org.uk or telephone 0845 125 9899 if you wish to send your donation via BACS. Thank you.

IR35 win for Mike Ansell

PCG welcomed news at the end of July that the Special Commissioners of Income Tax had ruled in favour of PCG member Mike Ansell, whose IR35 case was heard in April this year. PCG supported the case, handled by Accountax Consulting.

44-year-old Mike Ansell, from St Albans in Hertfordshire, is an IT specialist working in the defence sector and has undertaken several projects for BAE Systems, two of which were under appeal. His reaction upon hearing about the judgment was one of relief and joy. "It has taken nearly two years to have this matter resolved," he said, "and I am over the moon. The people at Accountax have been very professional and dedicated in following it through to the end, and I am very grateful to

PCG for supporting my case. I hope that this ruling will help thousands of other contractors in a similar situation."

Simon Juden was delighted with the result, and said, "We are pleased to see yet another ruling that is consistent with PCG's historical advice and our understanding of employment status. IR35 remains enormously complex and confusing for freelance contractors, and one of PCG's prime functions remains to help members pass through its labyrinthine provisions."

Tax expert Dave Smith commented, "This case is very important in that it highlights the significance of differences between freelancers and permanent employees. It also acknowledges that a contractor may be outside IR35 even though there are very few factors pointing to his being in business on his own account."

New S660A guides from Revenue and tax profession

Following the Arctic judgment, the Inland Revenue published a new "Guide to the Settlements Legislation for Small Business Advisers" on 18 November.

The information note issued by the Revenue referred to the case and the "recent Special Commissioners decision that the settlements legislation can apply to small companies owned jointly by a husband and wife." It also claimed that the settlements legislation "does not affect ordinary businesses".

The professional bodies* subsequently issued joint guidance on S660A, dismissing the Inland Revenue's version as a disappointing 'sunburnt zebra'. CIOT president John Beattie said, "The Revenue's guidance consists almost entirely of repackaged earlier comments and did not address the key areas of uncertainty which we have repeatedly highlighted. We have read it from cover to cover, but it deals only with the black and white and not with the important grey areas, which remain just as murky as before. After all this time, we hoped for more than a sunburnt zebra."

Eminent tax expert Anne Redston, said, "There is very little new in this guide and I am extremely disappointed that the Revenue have not used this opportunity to clarify their guidance. The fragments of new information it does contain only serve to emphasise the



difficulties faced by small businesses who want to find out whether or not the Revenue considers that the legislation applies to them. It seems that the uncertainty surrounding S660A will be resolved only when the Joneses' case is successfully appealed."

Joint guidance issued by the tax representative bodies to their members includes recommendations that taxpayers who are potentially affected by the new rules protect themselves against the possibility of a future attack on their business structure by the Inland Revenue.

This will require them to send detailed information with tax returns, including copies of partnership or company accounts and computations, a copy of the memorandum and articles of association of the company or partnership agreement, and a summary of how the business operates and what is done by each of the shareholders or partners in running the business.

** The Chartered Institute of Taxation, Institute of Chartered Accountants in England and Wales (ICAEW) Tax Faculty, Association of Chartered Certified Accountants, Institute of Chartered Accountants of Scotland, Association of Taxation Technicians, Association of Accounting Technicians. The Federation of Small Businesses has also voiced support for the professional bodies' guidance.*



Second unlucky ruling for Bill

In October, PCG learnt that Bill Hood, whose company is Usetech Ltd, had lost his IR35 appeal against the Inland Revenue in the High Court.

Bill Hood started his business as an oil rig designer in 1996, abandoning it last year after suffering a severe heart attack. The first hearing of his case, by the Special Commissioners, took place in the living room of his Gateshead home, rather than in a courtroom. He did not attend the High Court appeal in London. His case has been supported throughout by PCG's legal fund.

Commenting on the outcome, Simon Juden said, "Once again we witness the lottery of running a small business. In this case, Bill had negotiated his contract for services with the agency, but for reasons of commercial confidentiality, had not seen the 'upper contract' between the agency and the end client - a quite normal state of affairs. The size of his tax bill was found to be dependent on a document that he had neither signed nor seen. This surely offends common sense. How are small business owners supposed to determine their tax liabilities when factors they not only do not control but aren't actually allowed to see dictate how much tax they pay?"

PCG comment By Dr Simon Juden, PCG chairman

The urgent need for simplicity, transparency and certainty in the taxation of small businesses has been brought back into sharp focus by the landmark Arctic Systems S660 case. Geoff and Diana Jones had set up a family consultancy business in the IT sector. At all stages, they followed the advice not only of their professional advisers but also of the Government.

They set their business up as a limited company because the Government had made it illegal for the agencies - through which contract work in IT flows - to resell unincorporated workers.

They set it up with one share each, as advised by their accountants and by the DTI-sponsored Business Link website, which

recommends precisely this structure, together with consideration of the lower earnings limit for NI contributions when setting salary levels. They distributed their profits by way of dividends, as advised by their accountants and recommended on the Business Link website.

Now they find themselves on the wrong end not of a clear decision but a split decision in which two highly expert Tax Commissioners could hardly have had more differing views.

People who run family businesses are not, by and large, tax experts. Part of the deal on self-assessment is surely that a reasonably able person can calculate an accurate tax bill with only reasonable effort. If two eminent experts cannot agree the bill of this simplest of businesses, what chance is there for the rest of us?

Moreover, how does this judgment bode for the principle of independent taxation and the health of small family businesses?

HM Treasury's discussion paper, published with the pre-Budget report and entitled 'Small companies, the self-employed and the tax system' offers an opportunity to reform the taxation of micro businesses. Any moves to rationalise this area, which has in recent years gone well beyond Heath Robinson, must surely be welcomed warmly.

As the trade association representing UK freelancers, PCG looks forward to the continuation of this discussion and reiterates its intention to participate at the heart of it, providing a strong positive contribution.

PCGPlus membership package bundles extra benefits

PCG has introduced a new level of membership called *PCGPlus*, which comprises a bundled package including standard membership, PAYE compliance insurance to replace Route35 and other valuable benefits.

The reason for introducing *PCGPlus* is twofold:

- ◆ One of PCG's fundamental aims is to provide a comprehensive set of services and products to meet the needs identified by members. Over the past 18 months, PCG's surveys and product sales have consistently reflected a substantial demand for PAYE compliance insurance. More recent surveys have indicated that access to on-line information is also high on the list of members' needs and wishes
- ◆ From 14 January 2005, new FSA regulations will prevent PCG from selling Route35 directly to members without first securing a costly FSA registration. Thus, by delivering a new membership level which bundles the Route35 insurance together with other benefits, PCG can satisfy both the FSA and the needs of PCG members

PCGPlus membership includes the following benefits:

- ◆ Professional Expenses Insurance (PEI) and all the other benefits of standard membership
- ◆ PAYE Audit Cover
- ◆ Creditsafe Fee Recovery Service
- ◆ Access to the Ashridge Virtual Learning Resource Centre (VLRC)
- ◆ Access to 24-7 business information portal
- ◆ Printed copies of PCG publications

The *PCGPlus* package represents particularly good value to those members who are currently covered by Route35 and will receive a range of additional benefits for just £10 extra when they renew. *PCGPlus* offers excellent value for all members though, as PCG has used its bulk buying power to achieve substantial cost savings on all the elements. By offering a bundled membership package rather than individual product sales, PCG is also able to reduce its own administrative costs whilst simplifying payments for members.

	Standard membership	PCGPlus membership
Single	<p>Suitable for a freelancer with one company with only one fee earner.</p> <p>Includes PEI and various PCG member benefits.</p> <p>£120</p>	<p>Standard membership benefits shown on the left plus:</p> <ul style="list-style-type: none"> ◆ PAYE Audit Cover ◆ Creditsafe Fee Recovery Service ◆ Access to the Ashridge Virtual Learning Resource Centre (VLRC) ◆ Access to 24-7 business information portal ◆ Printed copies of PCG publications <p>£210</p>
Double	<p>Suitable for a freelancer with one company with two fee earners.</p> <p>Includes PEI and various PCG member benefits via a single member login.</p> <p>£180</p>	<p>Standard membership benefits shown on the left plus:</p> <ul style="list-style-type: none"> ◆ PAYE Audit Cover ◆ Creditsafe Fee Recovery Service ◆ Access to the Ashridge Virtual Learning Resource Centre (VLRC) ◆ Access to 24-7 business information portal ◆ Printed copies of PCG publications <p>£300</p>
Two company	<p>Suitable for a freelancer with one company with two fee earners.</p> <p>Includes PEI and various PCG member benefits via a single member login.</p> <p>£180</p>	<p>Standard membership benefits shown on the left plus:</p> <ul style="list-style-type: none"> ◆ PAYE Audit Cover ◆ Creditsafe Fee Recovery Service ◆ Access to the Ashridge Virtual Learning Resource Centre (VLRC) ◆ Access to 24-7 business information portal ◆ Printed copies of PCG publications <p>£300</p>

PAYE Audit Cover

A PAYE audit is a routine check from the Inland Revenue to ensure that your company is keeping appropriate PAYE records and operating PAYE correctly. These are not investigations, although a PAYE visit may become an investigation if a non-compliance is found. The Inland Revenue runs these checks regularly, but does not publish details of how it chooses whom to audit.

PAYE Audit Cover is designed for any business that runs a payroll, including partnerships and sole traders that have employees. The scheme guarantees expert advice and support throughout the whole process of an IR35 investigation and uniquely includes expert professional support during the PAYE compliance visit itself. You have the option to hold the compliance visit at an office other than your company's own, with an IR35 expert present throughout, thus guaranteeing you the very best support and advice at this crucial stage.

PAYE Audit Cover includes support in preparing all the responses and letters required by the Inland Revenue, saving you considerable time and effort and offering excellent chance of an early conclusion. It covers advice, support and representation costs up to and including a hearing at the Commissioners.

Creditsafe Fee Recovery Service

Creditsafe Limited is a commercial debt recovery and credit reporting agency now well into its second decade of service. It has an international clientele ranging from blue-chip companies to sole proprietorships and has affiliates and connections across the globe. It is approved and recommended by a number of leading organisations.

PCG has negotiated a preferential Fee Recovery Service from Creditsafe for members who need help with debt collection. Members will deal directly with Creditsafe Limited, and the following rates will apply:

Number of days past due date	PCG rates
Up to 120 days	5% or £5 min charge
121 - 180 days	7% or £5 min charge
181 - 240 days	9% or £9 min charge
241-365 days	10% or £10 min charge
Over a year	15% or £15 min charge

Creditsafe will charge a member only upon collection of a debt. There are no initial fees and the member will also be given progress updates as part of the service.

For further information, see www.creditsafe.co.uk

Ashridge VLRC

Ashridge is a leading international business school. Its Virtual Learning Resource Centre (VLRC) offers access via the web to a wealth of materials, including 54 of Ashridge's highly regarded learning guides which cover a broad range of business and management competencies and are continually updated.

"Ashridge is an excellent learning resource, delivering outstanding information for a range of key topics whilst allowing you to set your own pace for learning."

David Green, Director General, British Council

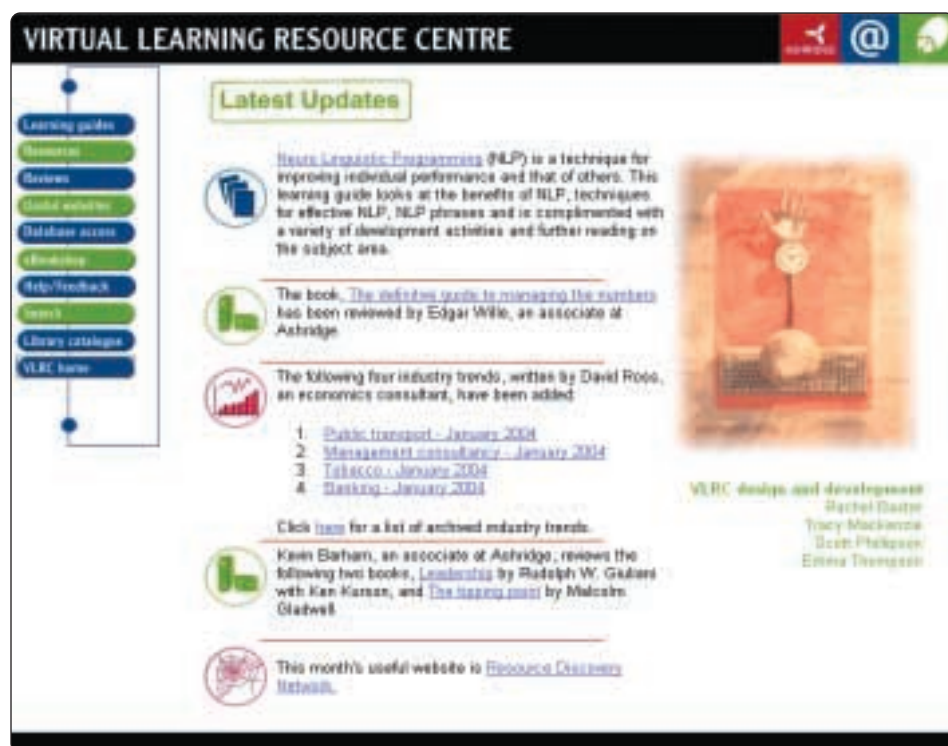
The VLRC combines Ashridge's expertise in management development with the power of internet technology to deliver learning materials to the desktop. It also offers regular book summaries and features on trends in particular industries.



Other benefits include:

- ◆ Access to a range of management pocketbooks from the Pocketmanager series
- ◆ Four industry sector reports each month, providing valuable insights into industry performance around the world
- ◆ Links to over 600 recommended websites in business and management, country information, general interest and industry-specific information
- ◆ IT help guides and reviews
- ◆ Reviews of training products such as videos and multimedia resources
- ◆ Just-in-time learning at your fingertips, accessible from home or office

For further information, see www.ashridge.org.uk



24-7info >Information

Benefits of the 24-7 online business information portal include:

- ◆ Free business forms, document templates, planners and financial forms
- ◆ Free tools for conversions and calculations, dictionaries and languages
- ◆ Free telephone directory search - no expensive 118 numbers to call
- ◆ Easy-to-use comprehensive business directories for all you need to know
- ◆ Time-saving multiple search facility for business information and more
- ◆ Transport route maps and timetables for road, rail, sea and air travel
- ◆ Local, national and international news, sports and weather



Frequently Asked Questions

Q. I want to upgrade my membership to PCGPlus now, but my membership is not due for renewal until 1 March 2005 and my Route35 expires on 1 July 2005. Can I upgrade now, and how will the fee be calculated?

A. You can upgrade to PCGPlus at any time. Upgrading will start a new one-year membership subscription at the PCGPlus membership level, at the advertised cost, against which you will receive a pro-rata rebate for any time remaining on your main membership and/or Route35 purchase. For example, if you upgrade on 1 January 2005, but your membership was due to renew on 1 March 2005, and your Route35 renewal is due on 1 July, then you will be rebated 1/6 of your membership fee and 1/2 of the Route35 cost.

Q. Is the whole purchase subject to VAT?

A. Yes, standard rate VAT is applied to any amount payable, but rebate calculations are performed on the VAT exclusive amounts. Note that there will be no IPT on PAYE Audit Cover as it is no longer an insurance product.

Q. Who has underwritten the PAYE Audit Cover policy and will I receive policy documents?

A. Abbey Tax Protection Limited (ATP) is the agent and claims handler for PCG's tax insurance policies, PEI and PAYE Audit Cover. Both policies are written in PCG's name and you are covered by them whilst you have membership at the relevant level.

Q. Our company has three fee earners. Which type of membership should we have?

A. PCGPlus has been designed to meet the needs of the vast majority of members. However, there will always be cases where your personal circumstances may not be catered for within the standard product set. If you find yourself in this situation, please contact us on admin@pcg.org.uk and we'll try to help you as far as possible.

Q. Will double PCGPlus membership allow access to the Ashridge VLRC, 24-7 information site and other goodies for both fee earners, albeit via a single login? How many copies of the printed publications will we receive - one or two?

A. Every full member will receive the entire package of benefits, including the printed publications, in their own right.

Q. I'd like to give PCGPlus a try, but if I change my mind after a couple of months, can I switch back to standard membership? Or do I have to wait for my renewal date? And I how do I make the switch?

A. Some elements of the package involve PCG incurring non-refundable third party costs on behalf of members, so PCG will not be able to refund your PCGPlus subscription. You may, however, revert to standard membership via the website before your membership renewal date.

taking the first step if the uncertainty is out of the way borrowing for your training

We are making it easier to finance your ISO9001 training, even if you have already started it. For PCC members we have introduced a unique loan package:

- highly competitive interest rates with no loan arrangements to pay
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- pre approved funding (subject to qualification criteria)

For more information or to apply contact Barclays at jo.kitchen@barclays.corporate.com or call 01923 482019 or visit www.pccqs.org.uk



Winning business directly

According to PCG's latest annual membership and satisfaction survey, commissioned in May 2004, 11% of respondents procured all of their work and a further 35% most of their work through agencies. This contrasted sharply with only 4% who got all or most of their projects through direct marketing, with referrals and renewals from existing clients faring somewhere between the two extremes.

Some freelance contractors and consultants recognise their shortcomings in this area, and one frequently hears the comment, "I'm not used to selling myself; I'm just very good at what I do." For this reason, many are happy to continue working with and relying upon agencies to find them clients and contracts. Many others, however, are keen to find a way of obtaining work directly as a means to having more control of their work stream and direct contact with the client.

"I'm not used to selling myself; I'm just very good at what I do."

Networking

As mentioned in the previous issue of *Freelancing Matters*, word-of-mouth or referral marketing can be a wonderful source of new business, particularly for small businesses. If this is to be a cornerstone of your marketing strategy, it may be well worth considering joining a formal networking organisation so that you meet owner managers and senior decision-makers from a mix of different business types. After all, if you are an IT contractor, for example, there may be limits to the opportunities passed on to you by fellow IT contractors.

Most of the networking groups, such as BNI, BRE and Refer-on, operate in a very structured way, requiring you to attend weekly meetings, and setting the expectation of regular lead generation by all members. They welcome visitors, so it may be worth using this to see if this approach is appropriate for you.

Cold calling

Another method is to cold call potential clients. Unless done with a modicum of smart thinking, cold calling can, however, be soul destroying. In every corporate organisation, there is inevitably an army of gatekeepers whose sole function in life, it would seem, is to prevent you from speaking with anybody who might be able to influence your chance of a commercial opportunity there.

The first place to start is to think if you know anybody in the organisation or have a contact that might know someone. Failing this, you should ask to speak with someone in the department where you want to work. You should have a prepared introduction, including a very brief overview of your company and the skills you offer. You may be referred to several different people before you get to speak with the right person who actually controls the budget that would fund you.

You may be routed to the HR department at some point in this process, and if this happens, you should avoid discussing your objectives with them, and try to find the budget holder. It will almost certainly take several calls and a large dose of persistence, but in the end, if the company needs your skills and you handle the calls well, you stand a chance of succeeding.

The image that you project over the phone is very important; you should be polite, focused and articulate. You should also keep track of the calls that you make, so that you start to build up a profile of the organisation and that you are prepared if any of the people you have telephoned return your call.

Testimonial from a new member



My name is Gualtiero Chiaia and I recently joined PCG, soon after the incorporation of my company, Prisma Quantitative Finance Limited.

Forming a new company can be a very daunting task. A fellow contractor working in the financial/IT sector in London referred me to the PCG website.

Even before joining the group, I used the PCG website to collect a wealth of useful information, including a downloadable guide on all the different aspects involved in freelancing. Becoming a member was a very easy choice, and soon after the company was formed, this was one of the first expenses on

Website

Only 7% of respondents to PCG's survey declared that they got some of their work from their websites, with no less than 71% saying that none of their work came from their websites.

Perhaps the overriding factor here is the relatively small proportion of freelance contractors who have good, commercial websites. Certainly, many who do have noted a huge shift in the balance of new project enquiries, away from agencies to enquiries via their websites.

"Perhaps the overriding factor here is the relatively small proportion of freelance contractors who have good, commercial websites."

This is clearly an area in which many freelance contractors would do well to invest. An effective website should have the following attributes:

- ◆ Proper domain name - .co.uk or .com, for example
- ◆ An introduction that clearly explains your company's proposition
- ◆ Content-rich pages and dynamic content
- ◆ Easy to navigate, quick to load
- ◆ Optimised for a good search engine ranking
- ◆ Listing in one or more of the major directories
- ◆ A response mechanism and email opt-in
- ◆ Easy to understand, jargon-free content

the company's accounts.

Not only does PCG offer legal protection in dealing with possible investigations by the Inland Revenue to all members, with the option of low-cost extra insurances to cover the legal costs, but also provides fundamental information on all the different freelancing angles.

As a member, I soon joined the forum hosted on their site and posted a query on matters related to IR35. I was positively surprised by the many replies and encouragement received by other members. Not only were their suggestions invaluable, but I also felt reassured by having a professional body standing behind me.

From the very first days, I felt that joining PCG was definitively money well spent.

Gualtiero Chiaia



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Managing client relationships

“The consulting process begins and ends with the client. However, it is all too easy (when faced with pressing deadlines and the need to generate revenue) to place greater emphasis on the area of problem resolution. However, it is imperative that you apply sufficient time and energy to understanding the person as well as the problem.”

Mick Cope, The Seven Cs of Consulting

Invest up front and build rapport

You may be familiar with the term ‘trusted adviser’. PCG first used this back in 2003 to demonstrate how consultants and contractors could move up the value chain with clients. Building an open and honest relationship with the client is the foundation of the assignment.

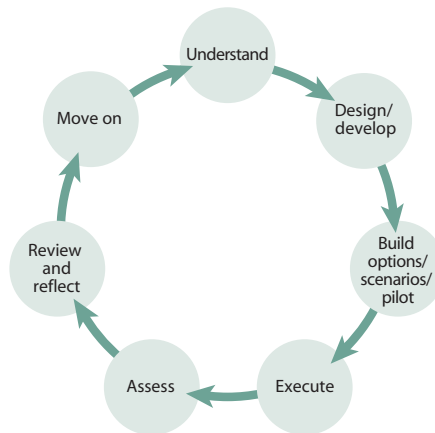
Typical objectives in the first phase might be to:

- ◆ Show understanding of the assignment objectives, needs, challenges and constraints
- ◆ Demonstrate that you can add value and insight to the project
- ◆ Show that you are easy to work with and can adapt your style to the culture of the client
- ◆ Discuss and understand how you will work with the prime client
- ◆ Show genuine interest in the consultancy assignment and achieving the desired change

Understand the brief

A consultant may be invited into a project at any stage and it is vital to be able to recognise and adapt your consultancy style to mirror the requirements.

A simple project process might involve the following phases:



During each of these stages, the consulting intervention is different. In the implementation phase, for example, it is not necessary to brainstorm creative ideas, and the client will be more impressed with delivery to plan and risk management.



“Recently, I was invited to join a project that was in its implementation phase. Whilst it would have been nice to go back and revisit some of the early development, we simply did not have time – this meant the focus of the team was purely around delivery to the plan and pulling together as a team.”

Diana Watson, marketing consultant

Feedback

Time taken to review and provide feedback on the project itself presents a good opportunity to build the client–consultant relationship. This can be done at any stage of an assignment and helps to prevent any misunderstandings. Agree a separate time to do this and prepare your client with some prompted questions so they can spend time thinking about the project.

Some typical questions to share might include:

- ◆ What were your initial expectations of the project?
- ◆ Are you able to provide any particular reasons why you assigned the project to me?
- ◆ Do you have any comments on the extent, content and frequency of communication with you during the project?
- ◆ Are there any ways that the relationship could have been managed better for you?
- ◆ Did the project meet your expectations? If not, why not?
- ◆ Can you describe the value to the business gained from this work?
- ◆ Can you suggest any improvements that should be incorporated in the future?
- ◆ Would you be able/willing to act as a referee or provide a quote that I can use?

Other stakeholders

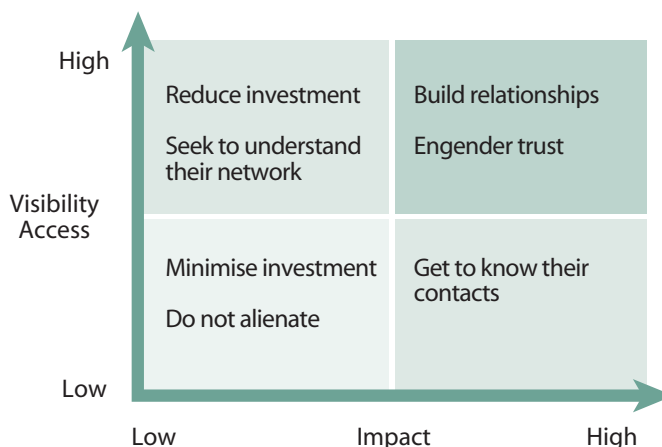
Most, if not all, consulting assignments involve working in a wide stakeholder environment with both internal and external parties. Understanding who is involved and their respective roles in the project will have a significant influence on your ability to manage the project successfully. You might be working with other consultants, with subsidiaries and other senior managers – they may all have a different view of the project and its impact on them.

Here are a couple of tips to help improve your understanding of these dynamics:

1. Ask your prime client early on to draw a organisational chart and mark relevant

people who will be involved and, if appropriate, to facilitate the introduction. Do all the relevant people have a clear understanding of your brief?

2. Review impact versus visibility. Map the identified stakeholders against a 2x2 of visibility and impact and review this regularly as a project progresses.



Recognition for PCG's expertise

The second half of 2004 saw PCG's directors and senior advisers being invited to participate in or present at a number of seminars and events.

On Friday 5 November, Simon Juden was a guest presenter at a seminar hosted by Top Consultant in central London, entitled 'Becoming a Truly Successful Freelance Consultant'. Simon spoke to an audience of some 60 freelancers about recent trends in freelancing as well as an update on legal and tax issues. According to director Tony Restell, the aim of the seminar was to provide essential insights for any consultant aspiring to become one of the elite freelancers able to charge clients a thousand pounds a day or more for their expertise, consistently.

Simon was also invited to talk about 'Being a Freelancer' at a meeting of the Consultants Network Forum (CNF) on Thursday 4 November. The CNF is a club for people who have chosen to become freelance consultants or interim managers, many of whom are interested in learning more about their legal obligations, tax issues and business-related insurance.

Following the success of regional freelancing seminars and co-hosted events, PCG co-hosted another two evening seminars. The first was with chartered accountants Wilkins Kennedy in Egham, where Simon Juden spoke about IR35 and Section 660 and PCG senior adviser Diana Watson gave participants handy hints and tips on how to market themselves and how to be proactive about avoiding the 'feast and famine' that so many freelancers experience.

Despite torrential rain and delays on trains, the second such event, an evening seminar in Stevenage, was well attended by a mix of members and non-members. Co-hosted by Affiliate member Baker Watkin and Millfield Partnership in association with PCG, the seminar featured presentations on 'Using the internet and networking to market your business', 'Topical tax tips for freelance consultants' and 'Investing for your future'.

Simon Juden presided over the event, and after welcoming delegates, presented an overview of PCG and its achievements to date in terms of policy, lobbying, case law and the promotion of freelancing as a valid way of working.

Evening seminars at Terminal Five, co-ordinated by PCG member Clive Palmer, proved popular with contractors at the site, many of whom showed their approval by joining PCG on the spot.

Speaking out

PCG welcomes the opportunity of meeting new organisations, providing expert speakers for events and contributing editorial for newsletters, magazines and other publications. Areas of expertise include:

- ◆ IR35: the intermediaries' legislation
- ◆ Section 660A: the settlements legislation
- ◆ Setting up a freelance business
- ◆ Marketing your freelance business
- ◆ Better client relationships

Please contact PCG on 0845 125 98 99 or by email at admin@pcg.org.uk if you are interested in discussing speaking engagements or editorial contributions.

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BCS president chairs PCG Friends Day

PCG hosted its first event dedicated to friends of PCG and the freelance contracting and consulting community in London on 11 November 2004, attracting delegates from a diverse range of organisations.

David Morriss, president of the British Computer Society (BCS), chaired the seminar and shared his assessment of the freelance marketplace. Increased competition had created a need to focus on core strategies, develop new business models and build partnerships and alliances, in his view, and the requirement for adaptability and flexibility favoured the use of freelance expertise.

The increase of preferred supplier status and vendor management systems and the evolving battle between HR and purchasing, were highlighted by guest speaker Alan Horn, the chief executive of Albemarle Interim Management plc. Compensating for these developments was an increasing recognition of the value of interim managers, and Alan cited a 48% growth in his company's turnover during

2004. "We are seeing an increasing emphasis on quality and the importance of change management," he said, "and we know that clients now expect the interim managers that we supply to be as good as, if not better, than their best people. The landscape is changing fast, and our clients judge our interims by the same quality standards as the top consultancies."

"The dynamics of PCG in terms of being responsible and focused on the real issues was evident throughout the morning"

Simon referred to the Labour Market Trends report published in October 2004 which indicated that self-employment in the UK had increased markedly in recent years, and since mid-2002 had been growing faster than at any time since the late 1980s. Around 13% of the working population is now self-employed on a full-time or part-time basis, compared with 22% part-time employees and 64% full-time employees.

Building on the quality theme, PCG director Richard Robson and Jack Tsouramanis of Bureau Veritas presented PCG's new quality scheme for members, PCG (QS), and Richard presented an overview of the new Approved Contract scheme.

Summing up his view of the event, Alan Horn said, "The dynamics of PCG in terms of being responsible and focused on the real issues was evident throughout the morning, and we will continue to recommend PCG to potential interim managers as we already do on our website."

Simon Juden agreed that the event had been extremely worthwhile. "Our relationships with complementary organisations and key stakeholders in the freelance marketplace are very important," he said, "and help ensure that PCG continues to be recognised as the representative voice of the professional consultant and contractor."

"I would like to thank David Morriss for chairing our first Friends Day event, and all those Affiliate members and friends who joined us."

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Is this you?

- As an agent do you struggle to deliver what the client needs without causing potential IR35 problems for the freelancer?
- As a Freelancer do you find companies don't seem to understand IR35?
- As an end-user do your standard contracts seem to create issues for your freelancers?

KPMG's People Services helps numerous agencies and end users to balance commercial needs with their tax compliance requirements. With a practical and collaborative style, our national team of tax professionals will help to tackle these difficult issues by finding robust, progressive approaches that can satisfy the most complex regulatory and compliance issue. Please contact John Chaplin – 020 7311 3081 or Email: john.chaplin@kpmg.co.uk

AUDIT ■ TAX ■ ADVISORY



Mastering the mysteries of VAT

To the hundreds of thousands of small business owners who perform the role of unpaid tax collector on behalf of HM Customs and Excise, Value Added Tax (VAT) is hardly a topic that inspires joy and enthusiasm.

VAT is an indirect tax on consumer expenditure and is collected on business transactions, imports and acquisitions. All goods and services that are VAT rated are called 'taxable supplies'. VAT does not apply to certain services because the law says these are 'exempt' from VAT. These include loans of money, insurance, certain types of education and training and some property transactions (selling, leasing and letting land and buildings, but not garages, parking spaces, hotel or holiday accommodation). Supplies that are exempt from VAT do not form part of your taxable turnover.

There are three rates of VAT in the UK: 17.5% (standard-rate), 5% (reduced rate) and 0% (zero-rate). The current VAT registration threshold is £58,000 and the deregistration threshold is £56,000.

In theory, the concept of VAT is very simple. Input tax is the VAT that you pay out to your suppliers for goods and services that you purchase for your business and can be reclaimed if you are VAT registered. Output tax is the VAT on your sales of goods or services, collected by you from your customers. The value that you remit to HM Customs and Excise or reclaim at the end of your VAT reporting period is, in principle, the difference.

There are, however, many exceptions and special rules, and if in doubt it is always best to call the [National Advice Service helpline on 084 010 9000](tel:0840109000) or your accountant. The FAQ section below seeks to provide clear and factual answers to some of the questions asked on PCG forums and pointers to common errors and misconceptions.

Q. I recently started a new business and my accountant has told me that I cannot register for VAT and reclaim the purchase VAT on my set-up costs.

A. Your accountant is incorrect. Although your taxable turnover is below the registration threshold you can apply for 'voluntary

registration', if you can prove that what you do is a business for VAT purposes. This will allow you to reclaim the VAT that you pay to your suppliers, and may mean increased credibility for your business. Once you are registered, you have to account for output tax on all your taxable supplies, as well as sending in regular VAT returns. Therefore, you need to consider whether registering will really benefit you.

Q. As a VAT registered business, I charge VAT on both my fees and my expenses, such as hotel charges for overnight stays. I keep the hotel receipt for my company's accounts and provide a copy to the client so that they have proof of the actual costs incurred. Another contractor on the client site says that this is not correct and that the receipt should go to the clients and that I should not be charging VAT on the expense.

A. You are right. The hotel bill forms part of your input VAT, which you can reclaim. You are obliged to charge VAT to the client on the value that you recharge to them, whether that be at cost or at a marked-up value. You should keep the original receipt for your records.



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Q. What about disbursements?

A. In some trades and professions, it is customary for some or all of the costs incidental to a supply, such as travelling expenses, to be described as disbursements and shown or charged separately to the client. They do not usually qualify for treatment as disbursements for VAT purposes though. You may treat a payment to a third party as a disbursement and exclude the amount when you calculate any VAT due on your main supply to your clients only if you acted as the agent of the client when you paid the third party and you satisfy all of the other seven criteria specified in VAT notice 700, paragraph 25.1.1.

Generally, it is advantageous to treat a payment as a disbursement for VAT purposes only where no VAT is chargeable on the supply by the third party, or where your client is not entitled to reclaim it as input tax.

Q. We are a marketing business and regularly undertake direct mail campaigns for our clients, charging them postage at cost. As stamps are zero rated, we do not charge VAT on the postage.

A. This is incorrect. You should be charging standard rate VAT on the postage, even though it is zero rated, because it forms part of your taxable supplies. Your clients may, if they are VAT registered businesses, reclaim this as input VAT.

Q. I just bought a seriously expensive rail ticket and it has a VAT number on the receipt. Does the price include VAT at 17.5%; it would be nice if it did.

A. Unfortunately not; travel is zero rated. General categories of zero-rated goods and services include food (unless supplied in the course of catering), books, transport, gold, bank notes, drugs, medicines, imports and exports, tax-free shops, charities, clothing and footwear. However, there are exceptions within these general categories and you should check VAT Notice 701/39 for specific information.

Q. I have been a sole trader for some years, operating below the threshold for VAT registration. Last year I set up a limited company for a subset of the business; this company blossomed and had to register for VAT. If I keep separate accounts for the two businesses, can I continue to operate as a sole trader, not VAT registered?

A. Potentially, as long as the two businesses really do operate separately. Where a business has been artificially separated into smaller parts and this results in the avoidance of VAT, HM Customs and Excise has the power to direct that the persons running these activities be treated as a single taxable person and registered.

"I've had two VAT inspections in 20 years. My experience, in both cases, was that the inspectors were polite and helpful. In the first case they charged me about £60 for a genuine mistake, but overlooked others, and the second time they wished me a good day and advised me to claim for a couple of refunds that I couldn't be bothered with."

Q. What can I not reclaim as input tax?

A. You cannot normally reclaim VAT you have been charged on goods and services not used for your business, on a car (including fitted accessories and delivery charges), on business entertainment expenses or on purchases that relate to exempt supplies, to name a few. See 10.3 of VAT Notice 700 for the full list.

Q. One of our sales invoices remains unpaid after four months, and I think that the client is going to default. Can we claim relief in our next return?

A. You can claim relief from VAT on the bad debt provided that you have paid the VAT to Customs and Excise, you have written the debt off in your accounts and six months (but not more than three years and six months) have elapsed since the later of the date of supply or the due date for payment.

Q. We are doing a £1,000 fixed fee project for a client, who has paid a deposit of £500 in advance. They want a VAT invoice, but we haven't started work yet.

A. You have to account for the VAT when the deposit payment is received, in this case showing the deposit as £425.53 and 17.5% VAT as £74.47. When you invoice the completed project, you need to bill the £1,000 fee, less the deposit of £425.53, that is, a net amount of £574.47 plus VAT at 17.5% being £100.53, a total of £675.00.

Q. After 12 years in business, I have been 'invited' to a VAT inspection covering my accounts for the last three years. What should I do? As a member covered by PEI, must I notify PCG's insurers?

A. HM Customs and Excise usually inspects businesses every three or four years, so you have done well. Make sure that all your records are in order before the visit, and do whatever you can to be helpful. You do not need to notify PCG unless a VAT dispute arises. As one PCG member noted in the forums, "I've had two VAT inspections in 20 years. My experience, in both cases, was that the inspectors were polite and helpful. In the first case they charged me about £60 for a genuine mistake, but overlooked others, and the second time they wished me a good day and advised me to claim for a couple of refunds that I couldn't be bothered with."

The VAT flat rate scheme

Introduced with the aim of simplifying VAT for small businesses, the VAT flat rate scheme allows you to pay VAT as a percentage of your turnover instead of having to work out the VAT on all your sales and purchases. You are eligible to join the scheme if you expect your taxable supplies (excluding VAT) in the next 12 months to be less than £150,000 and your business income to be less than £187,500 (excluding VAT). The scheme is not beneficial for all small businesses; you really do need to work out whether it will result in savings, given your own specific circumstances.

To see what flat rate to use, you need to look at the categories published by HM Customs and Excise, and decide which one best describes what your business will be doing in the coming year. Examples include 11% for entertainment or journalism, 9.5% for photography and publishing,

11% for computer repair services, 13% for accountancy or bookkeeping, 12.5% for architect, civil or structural engineer or surveyor, 13% for computer and IT consultancy or data processing and 12.5% for management consultancy.

When you make supplies to other VAT registered businesses, you charge VAT at the normal rate for the supply, not at the flat rate percentage. VAT on capital expenditure exceeding £2,000 including VAT may still be claimed. Be aware, however, that under the flat rate scheme you are required to include any zero rated sales invoices in your list of outputs for the purposes of calculating VAT owed.

Savings made on VAT using the flat rate scheme are treated as income for the purposes of calculating your corporation tax or personal tax liability.

Other VAT accounting methods

Cash accounting – if the proportion of your turnover subject to VAT does not exceed £600,000 a year, your business can use the cash accounting scheme. This allows you to record your output tax on your VAT return after your customer has paid you and your input tax when you have paid your supplier. This can be useful if your customers are slow payers.

Annual accounting – you can register to file one VAT return a year instead of quarterly, provided that you meet certain conditions.

Tackling late payment



Sadly, the problem of late paying customers is all too familiar for many UK businesses. Freelancers in particular understand the severe strain that late payment can have on cash flow. You can help protect yourself by demonstrating less tolerance to late payers through the introduction of strict credit management controls.



According to Peter Rowe, member of the Better Payment Practice Group (BPPG) and Director General of the Institute of Credit Management, adopting the following ten-point plan from BPPG can help establish a good credit management policy.

The BPPG offers a free credit management guide, 'Better Payment Practice Guide To Paying And Being Paid On Time', which contains information to help tackle late payment. The guide provides advice for suppliers on credit checking new customers, managing credit risk and collecting payments promptly, and for buyers on fostering good relationships with suppliers and operating a positive payment policy. It also includes information on the late payment legislation, which allows businesses to claim interest and compensation on overdue bills, and provides a useful list of support services and publications.

The BPPG also offers a free wallchart to be used alongside the guide to help firms allocate the right resources to chasing debts. The guide and wallchart are available from the DTI Publications Unit on 0870 150 2500 quoting URN 04/606 and URN 04/735.

The Guide can also be viewed on the BPPG's web site www.payontime.co.uk

Ten point credit management plan

1. Check a new customer's creditworthiness before drawing up a contract. Bank and trade references should be considered as part of the vetting process, or obtaining a report from a credit reference agency (for a small fee). Companies House holds a wealth of data on companies and their individual directors and you may also wish to check the Register of County Court Judgments. If you aren't happy with the findings on a potential customer, don't be afraid to turn down their business or insist on payment in advance. If you have always provided credit to new customers, you should re-think this position. The decision to give trade credit should be based on calculated risks - it is not an automatic right.
2. Set strict credit limits and keep to them. You can do this either by setting the limit to support sales levels (if references are good enough this should equal twice the monthly sales figure for that customer), or set it at the maximum amount your business is prepared to be owed, regardless of current sales levels (a popular calculation is the lower of 10% net worth or 20% net current assets).
3. Prepare and agree with your customer unambiguous written contracts and/or terms and conditions of trading. Legal advice should always be taken when preparing terms of trade but the document should include: the agreed payment period; interest payable on late payment; the supplier's rights with regard to late payment; terms about the quality of the goods; a statement claiming 'retention of title' in appropriate circumstances; and a statement of how queries will be dealt with, including any appropriate timeframes for raising queries.
4. Make sure you know and comply with procedures used by your customers' buying and accounts departments.
5. Initiate and maintain close contact with your customers, particularly with the person responsible for paying your account. Try to create a rapport, so that even when money is tight, you are top of the list to be paid.
6. Review payment records of existing customers at least twice a year. Do not be afraid to refuse orders or withdraw credit, and obtain payment in advance if a customer has an unacceptable payment record.
7. Ensure that you get a signed delivery note for goods supplied and always invoice accurately and on time. Invoices should be set out logically and clearly, stating the invoice date, account number, order number, amount due, the date by which payment must be made and the preferred method of payment. Where possible, provide a breakdown of the amount due, detailing the exact goods supplied or services rendered with dates.
8. Check the status of each account before despatching goods. Do not continue to supply if the account is overdue and use your customer's desire for further supplies as a spur to payment.
9. Take action to collect late payments by sending regular reminders and chasing payment persistently by telephone/fax/email and, if necessary, by visiting your customers. In the collection process you are likely to encounter customers who either can't or won't pay. A customer who can't pay may have a genuine problem and, if this is the case, it may be in the interests of both parties to negotiate a settlement - perhaps by introducing a 'payment plan'. You will need to determine the cause of the problem and how serious it is, what is being done to resolve it, what you can do to help and what assurances can be offered in return for that help. Where a customer simply ignores requests for payment, or makes endless promises to pay that are not kept, further action should be taken without delay. You may wish to impose collection sanctions such as stopping supply, reviewing the credit limit or imposing interest under the Late Payment of Commercial Debts (Interest) Act. If the situation persists, place the debt in the hands of a collection agency or solicitor who specialises in debt collection, or pursue it through the court. It is your money - do not be afraid to ask for it.
10. And finally, remember to thank those customers who do pay on time.

Member services: online credit checking

PCG has signed up checkSURE as a new affinity partner and negotiated discounted prices for members, who may order the reports that they want directly from checkSURE and pay for them, at the preferential rates agreed.

About checkSURE

checkSURE is a complete online commercial credit checking service which allows small businesses to exercise good practice in choosing to whom they extend credit. It delivers comprehensive company reports and monitors current and potential trading partners in terms of their future credit-worthiness. As an integral part of the online service, checkSURE provides a checkSCORE for each company doing business with the user's organisation.

checkSURE believes that there are four critical pieces of information you need from a desktop credit management decision tool:

- ◆ Confirmation that the party with which you wish to trade is an existing legal entity trading from where they say they are
- ◆ A credit score or other respected opinion of how credit worthy that legal entity is
- ◆ A suggested monthly credit limit
- ◆ Notification immediately if something material (including the score or credit limit) changes

The checkSURE service ensures that companies and organisations of any size can harness this power of affordable, accurate and accessible information to benefit their credit management decisions. checkSURE obtains raw data from business information provider, ICC, and applies its extensive investment in eCommerce information technology before retrieving, displaying and storing the data for checkSURE users.

Available reports

PCG members may order the following services from checkSURE at preferential rates:

- ◆ **SnapShot reports: £5.00 (usually £5.95)**
Include company identification details, a considered credit score and suggested credit guide – ideal for decision makers looking to supplement the credit check knowledge that they already have of a target company.
- ◆ **Keep it Live: £10.00 (usually £14.95)**
This facility allows you to maintain up-to-date copies of any Full Company Reports that you have purchased for a whole year. You can upgrade to this option provided that you do so within ten days of purchasing the report. This option is particularly useful for monitoring recently-formed companies, for which there are only limited details at the outset.

- ◆ **Full Company Reports: £6.00 (usually £9.95)**

Provided that the information is available, these include Company Name and Number, Registered Office Address, Trading Address, The checkSCORE - Credit Score, Credit Guide, Official Company Information, County Court Judgments (CCJs), Known Directors, Share Capital/Major Shareholders (only for PLCs), Registered Charges, Operations, Comprehensive Financial Information, Key Credit Ratios, Key Industry Sector Trends.

- ◆ **Companies House documents: £5.50 (usually £7.95)**

These are images of the original statutory documents filed by limited companies at Companies House such as Annual Accounts, Notice of change of directors or secretary or their particulars, Annual Returns, Interim Accounts, Particulars of a mortgage or charge, Allotments of shares notifications, Notices relating to insolvency proceedings, Particulars of mortgages or charges, Changes in accounting reference date, Change of name.

They are supplied by checkSURE in PDF format.

For further information, see
www.pcg.org.uk/resources/checksure

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bloomhost.net provides the perfect website solution for you, the independent consultant, to promote your services with a professional web presence.



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TAC Europe offers PCG membership to contractors

One of the largest specialised providers of technical staff operating in the UK today, TAC Europe works closely with its parent company TAC Worldwide to supply skilled and semi-skilled staff to more than 200 of the world's most respected organisations every day.

Its core business areas include accounting and finance, aerospace, automotive, management consulting, ICT, engineering and desktop management.

TAC Europe has been an Affiliate member since early 2000 and believes strongly in PCG's role protecting, advising and supporting freelancers. This is borne out by a unique proposition that it has for freelance contractors - once they have worked through the agency for four consecutive weeks, they are eligible to sign up for PCG membership funded by TAC Europe.



According to Quality Manager, David Keeble, "PCG members are well-informed and educated about IR35, contractual matters and other issues pertaining to freelance contracting.

"This makes it much easier for us to manage the relationship. They get professional expenses (tax investigation) insurance and a host of other benefits bundled with their PCG membership, including access to the discussion forums, comprehensive advice and resources on IR35, free tax and legal helplines, discounted liability insurances and much more. This really is a win-win situation."

For further information, see www.taceurope.com.

PCG teams up with Pendragon for Byte Night 2004

One Friday night in late September, PCG director Richard Robson and CC member Andrew Banks braved the elements to join other hardy souls sleeping rough for the night to raise money for NCH, the children's charity. The fund-raising effort was a joint venture with Affiliate member Pendragon Information Systems.

NCH helps children and young people facing difficulties or challenges in their lives, and it works with more children and young people, including those affected by poverty, disability and abuse, than any other UK charity.

Since Byte Night began in 1998, the fund raising event has gone from strength to strength. In the first year, 25 people slept out for the night, raising £30,000. In 2003, over 160 senior IT executives took part and this year over 200 people slept out at the brand new venue, Potter's Field, next to London Bridge. So far, Byte Night has raised well over a million pounds for NCH's work with young homeless people and care leavers.

Actress Jenny Agutter, of The Railway Children fame, has supported Byte Night since its first year and joined the sleepers in London. This was the second time that PCG had participated in the event. Richard said, "Byte Night is a fantastic way of raising money for a worthwhile cause, and we'd like to thank all those who supported our efforts."



Richard Robson, Jenny Agutter and Andrew Banks

Maxine Preston-Allen of Pendragon, who had unfortunately sustained an injury and was unable to participate this year, said, "We raised over £1,100 on Byte Night and have pledged our involvement again next year."

If you missed the chance to sponsor the intrepid two before the night, you can still make your donation to this worthwhile cause at

<https://www.bmycharity.com/V2/pendragon>.

For further information see www.nch.org.uk, www.bytenight.org.uk and www.pendragon-cs.com.

Affiliate membership

PCG recognises the contribution of a wide range of stakeholders in the freelance marketplace, and invites them to join PCG as Affiliate members for an annual fee of £250 plus VAT. Affiliate membership is intended for businesses that are able to offer services or products that may be of interest to freelancers, possibly on preferential terms, and includes a broad range of organisations with small business offerings.

Affiliates may communicate with members using the online discussion forums and by advertising in Freelancing Matters and the weekly newsletters. They may also showcase their product and service offerings in a dedicated area of PCG's website which includes:

- ◆ An index of all Affiliates by area of commercial focus

- ◆ An optional link from the index to a dedicated page for each Affiliate, comprising:

- a brief description of the Affiliate's company and line of business
- a clickable link to the Affiliate's own website home page
- a summary of the products and services provided
- a schedule of preferential terms and discounts for freelance PCG members
- clickable links to information/ordering pages on the Affiliate's own website
- graphical content, for example a logo or modest banner

To apply for Affiliate membership, please email admin@pcg.org.uk



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