

Freelancing Matters

**Protecting and
promoting the
interests of freelance
consultants and
contractors**

**Arctic: what
happens next?**

**Guide to new
pension rules**

**UK businesses
turn to
freelancers**



Dr Simon Juden
Chairman

Inside this issue

Building valuable relationships	3
Member profile	4
Policy update	6
Arctic: what happens next?	8
UK businesses increasingly turn to freelance consultants	11
Member success stories	13
PCG Quality Accountant scheme	15
Snapshot of the interim marketplace	17
New website for PCG	19
Websites that work	20
Is an offset mortgage right for you?	21
News from PCG headquarters	23
A freelancer's guide to the new pension simplification regime	24
Affiliate news	26

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A pivotal year

With the announcement of a review of the tax and national insurance regime in the Budget, the outcome of which is due in the pre-Budget report at the end of the year, and the final stage of the Arctic Systems case at the House of Lords also due towards the end of the year, 2006 promises to be a pivotal year for the UK's freelance workers.

Obviously, the tax review represents a huge opportunity to leverage the relationships we have built with the Government. Our lobbying has moved from strength to strength in recent years and we now have a real voice within the corridors of power – as befits an organisation representing the sector that actually delivers the flexible deployment of leading-edge skills so often lauded by the Government as critical to the UK's competitiveness. We will be working extremely hard to ensure that our voice and the views of our members are heard loud and clear during the review.

The news that Geoff and Diana Jones had won their landmark Section 660A case at the Court of Appeal in December brought elation to all those of us who believe that where a husband and wife share the burdens and hard work of running their business, they are both entitled to share in the reward. The judgment was a strong vindication of PCG's position on every point, a clear and unanimous victory for the Joneses and for thousands of family businesses.

The Revenue has been granted leave to appeal *Jones v Garnett* at the House of Lords, and we are naturally disappointed that they

have chosen to prolong the uncertainty for hundreds of thousands of family businesses. Indeed, the Joneses' set-up was consistent with what was until very recently the Government's own advice: surely if the Government now wishes to tax these common set-ups differently, the honest and sensible way forward, as suggested by the Court of Appeal judges, is to legislate?

Our ongoing work with Work Permits UK has been reflected in the Government's Command Paper on a points-based system for managed migration, published in early March. We have long argued that the UK boasts a substantial base of highly skilled workers: companies should not be able to hire workers from overseas except where there is a genuine skills gap in the UK. We are pleased to see the Government acknowledge that migration should be managed primarily on the basis of economic need, and that the new system is designed to respond to changing economic circumstances.

In a landmark case elsewhere, the Court of Appeal recently ruled that a limited company contractor was an 'employee' of his client. At the time of writing PCG is still examining this judgment, which cannot be seen as anything other than a clarion call to agents and clients alike to engage freelance consultants and contractors on business-to-business terms, or risk being found liable for employment rights. PCG has a range of suitable draft contracts and terms of business available free to members and Affiliates, specifically designed for this very purpose.

2006 promises to be a critical year for PCG and its constituency of freelance workers and I for one am really looking forward to the challenges it will bring.

Useful contact numbers

PCG administration and support helplines

Membership administration	0845125 9899
General enquiries	0845125 9899
Tax investigation claim line	0845 125 9899
Legal helpline	0845 125 9251
Tax helpline	0845 125 9252

Please quote your membership number when calling the helplines.

Contract review services suppliers

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Lawspeed	01273 236 236
SJD Accountancy	0500 152 500

Professional indemnity and liability insurance

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Randell Dorling	020 7929 5454

Building valuable relationships

Since its formation, PCG has worked with an increasing number of complementary organisations to develop ongoing relationships based on mutual respect and a common aim to promote and protect the freelance model.

In January, Simon Juden was one of three judges at Xchangeteam's Freelancer of the Year Awards. He joined Xchangeteam chief executive Emma Brierley and Paratus Communications director Dominic Shales in congratulating the winners at an award ceremony in London.

Now in their second year, the awards are designed to recognise and reward best practice in freelancing. "It was very encouraging to hear the positive feedback from a wide variety of clients across the public and private sectors," said Dr Juden. "They clearly recognise the value of these highly skilled, highly flexible and highly mobile freelance consultants to their businesses and their contribution to the growth of the UK economy."

PCG hosted the Genesis Initiative's first event of the year at the House of Commons in February. The breakfast meeting was attended by 35 members and guests, including several parliamentarians from both Houses and representatives from the Better Regulation Executive, Chartered Institute of Taxation, Institute of Interim Management and others. Shadow Minister for Small Business and Enterprise, Mark Prisk MP, led a discussion about the relationship between business and government.

As one of the exhibitors at the Celebrating International Women's Day 2006 event in Slough, PCG had the chance to promote its work to over 150 delegates who visited the stand. Aimed at giving women the opportunity to find out about the training and business support services available in Berkshire, the event attracted a large number of freelancers and small business owners.

In association with affiliate member Wealth Matters, PCG hosted a networking event in Slough. Simon Juden gave a presentation about PCG and its role in protecting and promoting freelancers, and Julian Gilbert talked about the new pension regulations.

In February, chief executive John Thomas met representatives of NORMAPME (The European Office of Crafts, Trades and SMEs for Standardisation) to discuss PCG's ISO9001 certification scheme. He was back in Brussels with director Richard Robson on 7 March for the smallbusiness|europe annual reception. The theme was 'Globalisation & the European Social Model' with guest speaker Peter Mandelson, European Trade Commissioner.

Left: Freelancer of the Year Awards; Mark Prisk MP. Right: Celebrating International Women's Day 2006; networking event in Slough; smallbusiness|europe reception in Brussels.



Diary

- | | |
|---------------|------------------------------------------------|
| 7 March 2006 | smallbusiness europe annual reception |
| 14 March 2006 | Trade Association Forum annual conference |
| 17 March 2006 | Home Office Managed Migration event |
| 22 March 2006 | Budget Day |
| 4 April 2006 | PCG Friends Day |
| 13 April 2006 | PCG Consultative Council (CC) nominations open |
| 21 April 2006 | CC nominations close, voting starts |
| 5 May 2006 | CC voting closes |



Charles Tippet has been freelancing as an interim and project manager for around 17 years. A qualified accountant, he undertakes financial and project management assignments for a wide range of businesses, especially in the automotive and property sectors.

After school, Charles studied in Paris before qualifying as a chartered accountant with a top London firm. Whilst there, he was involved in a number of unusual jobs, including the Rolls Royce receivership in the early 1970s. A year-long assignment to a Finnish company in London – as an accountant rather than auditor – gave him a taste for commercial life.

"I worked for a couple of large, well known groups," he recalls, "and then a friend introduced me to a small automotive company. I switched from big corporate life to a smaller but growing private company. One of the attractions for me was the company's involvement in motorsport, one of my hobbies.



Member profile

Charles Tippet

"Within a year, I was appointed finance director. Just ahead of the 1980-81 recession – which economists at that time were referring to as a 'slowdown' – the firm had been through a period of rapid over-expansion," says Charles.

"Managing its recovery was one of my first challenges. I helped the team to rebuild the group, took profit responsibility for a loss-making business and achieved profit turnaround within a year. I was promoted to joint managing director and helped float the group after five years of continuous sales and profit growth. I had been there for ten years when I decided to leave, following a difference of view over strategy."

Charles then joined a construction group, but discovered that things were not as he had expected. He prepared an essential financial strategy for the group, and when this was not accepted, he felt that his position had become untenable and left.

It was at this point that Charles realised that he could provide his expertise to a number of smaller companies rather than dedicating it exclusively to one company. And so, in the late 1980s, 'Business Solutions' was born.

"On day one, I had a week's confirmed work on a prospective business acquisition," says Charles. "You have to have confidence in your capabilities, not only to be able to carry out assignments but also to market yourself. Without this, you won't be able to pay yourself.

"Since setting up on my own, the business has evolved into providing interim and project management. Assignments generally centre around acting as a main board finance director with a hands-on role, inevitably taking on a much wider brief during a group's phase of change. This can result from rapid expansion causing some 'indigestion', for example, or stemming a decline in a group's fortunes."

Whilst Charles has carried out assignments in many sectors, he has spent a high proportion of his time in the automotive and property sectors. Assignments normally start out being for three months, but every single one so far has developed into a longer-term requirement, two years being typical.

One such assignment initially came about through over-expansion and culminated in the successful turnaround of the group. This in turn led to a highly successful business

sale after two years of hard work with the operations teams and all the external stakeholders.

"My present assignment with a property group started as a brief 'sort out and turnaround', which took three months. After that, I spent one day a week there for two years, and this is now almost a full-time role, thanks to the group's continued growth. The second phase was handled alongside a full-time role elsewhere, which created enormous pressures on me. As an independent, you have to take the longer view and be able to handle the peaks and troughs," says Charles.

"In addition to my current activity with the property group, I am also involved with two automotive assignments. One of these is for a client I helped with an acquisition, and the other involves looking at future options."

Having started out as a sole trader, Charles also set up a limited company, BSIM Limited, in 1998, purely for projects undertaken through agencies. He gets some of his work through BIE Interim Executive and others. Many clients insist on hiring contractors through agencies, and some, like 3i, have a preferred supplier policy.

"You have to have confidence in your capabilities, not only to be able to carry out assignments but also to market yourself."

Although Charles is not, in his own words, a 'heavy networker' and does not advertise or have an up-to-date CV, he gets much of his work through word-of-mouth referrals, many through his clients' stakeholders – banks, financial institutions and the like. "Being able to sell yourself, present your case and pitch in terms of what you think they want, based on your research, is really important," he says.

The idea of 'being your own boss' is really a misnomer, according to Charles. "When you are a freelance operator, your clients and their directors and stakeholders replace those within your previous corporate life. You can, however, retain a degree of independence which helps the way your strategy is perceived. You are not a corporate person with a hidden agenda or seeking to build your empire, but a free spirit who will move on once the assignment has been successfully completed.

"Keeping a low profile is sensible. Although I'm sometimes engaged because there are problems in the business, I have to give my direct reports and managers the impression that business financial matters are fine.

"You must have a flexible approach to business life. There will be peaks and troughs. The longest trough was in my first year as an independent when I was between assignments for over two months. Fortunately, I have not experienced a single day's downtime since 2000. At the other end of the scale, my wife and I once worked a whole Sunday and through the night to prepare a bank presentation for the Monday morning, thanks to valid information only being provided very late. Sleep had to wait until the following night.

"One frustration is having to turn away new opportunities," Charles continues. "Contacts and agencies are invariably looking for somebody at really short notice, and the nature of my work is that I am committed to concluding a current assignment before I can take on another, so I have to decline. Once I do finish an assignment, I have no way of knowing when the next one will come along. That's a risk you have to live with. On the other hand, a permanent job is permanent only until your boss decides otherwise. I prefer to decide for myself when the time is right.

"There's no chance of becoming bored as an interim manager. The directors and

stakeholders look for a person who is over-qualified for the role and can bring the grey hair of experience; the only learning curve is to understand aspects of the particular group. Every project is different though, and solutions must reflect this."

One of his most notable achievements was managing the implementation of a new management information system, in the late 1990s, for a group of 20 companies in the automotive retailing sector. The system had 400 users, and two businesses went live on the system every four weeks.

"PCG is a wonderful source of information for people like me. It's important to keep abreast of developments, and rather than having to reinvent the wheel, I can find everything in one place."

A PCG member since January 2006, Charles joined on the recommendation of another PCG member who operates from the same serviced offices. "PCG is a wonderful source of information for people like me," he says. "It's important to keep abreast of developments, and rather than having to reinvent the wheel, I can find everything in one place."

Charles is 56 and has been married to Jean, a supply teacher, for 25 years. They have three grown-up children and enjoy spending time supporting their activities.



"We're a sporty family," he says. "I played hockey and then moved into motorsport, racing saloon cars in UK and Europe. Claire, 24, is a motorsport instructor and has completed two years in saloon racing. Charli, aged 22, plays hockey and also looks after children at a Mediterranean resort during the summer. Our 19 year-old-son Andy is a 400 metres hurdler currently studying and training at Loughborough.

"Jean has always supported my freelance work style, even when I was flying every week to Scotland, and this is a key factor in helping one to succeed as an independent when there is no certainty of an income."

A great believer in having the right work/life balance, Charles is looking forward to a skiing holiday in April with his family and three other families in Val Thorens. "We usually drive there in a day, and go for the self-catering option. It's great fun. You have to take proper holidays, otherwise you get stale."

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Policy update

The first few months of 2006 have been busy for the PCG policy team, with key developments in relation to several long-running issues affecting members as well as some new areas of activity. PCG's involvement with Work Permits UK has also been reflected in the new immigration strategy.

Work permits and offshoring

On 7 March 2006, the Government published a Command Paper outlining its new immigration strategy, in response to last year's extensive consultation exercise.

Overall the document is sympathetic to many of the points PCG has been making to the Government regarding the abuse of work permits over the last few years. It is ambiguous on some key details, which will determine to what extent it is a good result for PCG members or a disappointment. On balance, however, there seems to be good cause for optimism.

Overview

The new points-based system will be much more responsive to economic circumstances than the existing arrangements. This will allow for a more effective control of immigration sector-by-sector than is currently possible: applicants seeking to work in sectors where labour is not scarce will be awarded fewer points.

This represents a tightening of policy in itself. The exact allocations of points have yet to be finalised, but PCG is pleased to see that the new system will be rolled out tier-by-tier and on a pilot basis, to enable fine-tuning as the reforms are implemented.

The system is also arranged by tiers: current work permit migration will be replaced by Tier 2 and **not** by Tier 1, which does not require the applicant to have a job offer.

Tier 1 is a direct replacement for the Highly Skilled Migrants Programme: this is not the normal route of entry for IT workers, engineers and the like.

The Command Paper also acknowledged that immigration should be managed primarily on the basis of economic need and that companies seeking new workers should look to the UK first, the enlarged EU second and the rest of the world last.

Tier 2

Tier 2 will take account of skills shortages as identified by the new Skills Advisory Body (see below). Occupations not on a shortage list will be subject to tests to show that the applicant will not be displacing a worker in the UK. As part of this process, companies seeking to bring workers to the UK (who will be obliged to act as the worker's "sponsor" – nobody in Tier 2 or below will be able to enter the UK without an officially recognised sponsor) will be required to advertise their vacancy on the online portal run by Job Centre Plus.

This will apply only to jobs below a certain salary level so, while this is unlikely to provide direct opportunities to PCG members, it will make the system more easy to monitor: current abusive practices such as advertising jobs on obscure portals for very brief periods should therefore be largely or totally eradicated. The effect of this will be to reduce current levels of abuse, which will be of great benefit to PCG members.

Skills Advisory Body

The new Skills Advisory Body will set skills shortage lists under the new system, although the final say on immigration strategy will of course remain with the Government.

The existing Sector Skills Councils will be incorporated within the new structure and, provided that existing members of the panels, such as PCG, are all invited to re-join, direct continuity with the current system will be assured. This was a key request in PCG's submission to last year's consultation.

Intra-Company Transfers

ICTs, which are currently widely abused to circumvent regular work permit procedures, will be placed within Tier 2 and subject to the same controls as described above. Instead of being obliged to ensure that the new workers have "company-specific skills" – a requirement that is not enforced in practice – companies bringing in workers from overseas will be obliged to pay them a salary appropriate to the UK. This too should assist in preventing ICTs being abused simply to exploit cheap labour.

Summary

Overall, while some of the detail remains to be worked out and the extent to which the immigration rules will be tightened in practice remains to be seen, the Command Paper represents a considerable tightening of the rules, along similar lines to PCG's long-standing policy positions.

The new system will make it much easier for the Government to adapt its immigration strategy to economic conditions. The overall philosophy for the new work permit system will be that the number of permits that will be issued should reflect the prevailing labour market conditions, in line with PCG's core message to government for several years.

Offshoring

The related issue of offshoring remains of concern to many PCG members, particularly its increased incidence in engineering and the oil and gas sector. PCG would like to gather further information on this and invites members to contribute their experiences by email to policy@pcg.org.uk in confidence, or post on the relevant thread in the Oil, Gas and Engineering forum. PCG's position is that the Government should commit appropriate resources to studying the effects of offshoring on the UK economy and, if necessary, modify its policy of encouraging it.

Consultations

The European Union is undertaking reviews of two policy areas of significance for PCG members. The first relates to the patenting system in Europe. The European Commission is instigating a “final push” to reactivate the Community Patent scheme, which has been stalled in Council for several years. This would create an EU-wide patent, effectively moving patenting from being an issue for member states to being regulated at EU level.

Following its involvement in the successful campaign last year to prevent software becoming patentable, PCG intends to respond to this consultation. It aims both to prevent the IPR regime becoming less helpful to small firms and also to prevent this initiative being used as a way of introducing software patents “by the back door”.

It remains PCG’s position that, even leaving aside theoretical issues surrounding software’s inherent ineligibility for patenting, such a development would not only drive many, if not most, freelance software developers out of business, but would also raise software costs for all small firms.

The second consultation relates to company law. It pertains mainly to larger companies but may have some implications for smaller companies, particularly those trading cross-border.

The deadline for both consultations is 31 March 2006. As with all consultations, input can be emailed to policy@pcg.org.uk or posted on PCG’s Policy forum, where the official consultation documents and PCG’s responses, when completed, may also be downloaded.

TUPE regulations

The Government has recently revised the Transfer of Undertakings (Protection of Employment) Regulations, or TUPE. The new regulations come into force on 6 April 2006. One aspect of the revised regulation is that “service provision changes” will be brought within scope of the regulations for the first time.

This means that TUPE can apply to services provided by external companies in certain circumstances. These are, primarily, when services are provided on an ongoing basis and the ongoing nature of the relationship was intended at the outset. Contractors who have had several renewals of a contract will not be within scope when these renewals were not envisaged at the outset or when the contracts are clearly project-based.

EU developments

The European Commission is due to produce a Green Paper on employment law in 2006. PCG has already made a submission to the Commission ahead of its publication and will work to ensure that the paper and any measures flowing from it recognise and accept freelancing as a valid business model and way of working.

The most significant recent developments at EU level relate to the Services Directive. They also have some implications for the currently stalled Temporary Agency Workers Directive. The European Parliament gave the Services Directive its first reading on 16 February 2006. The voting was complex and controversial, but overall the results were disappointing for freelance consultants and contractors. The directive should have provided a freedom for PCG members to trade throughout the EU using their existing limited companies. This has not, however, been fully delivered.

The most crucial development is the loss from the text of the “country of origin” principle, which would have allowed companies to provide services in other member states but be bound by the rules and regulations of their home member states. The new provisions for a “freedom to provide services”, which was developed as a more widely acceptable replacement for the country of origin principle, require member states to ensure free and fair access to their services market for service providers based in other member states.

It forbids them from imposing requirements on service providers which are discriminatory, unnecessary or disproportionate. They

In practice, these changes are unlikely to affect PCG members: they are aimed at blue-collar services such as cleaning, where workers will usually desire the protection offered by the regulation. Professional contractors are unlikely to wish to take advantage of the regulations, and are not obliged to do so.

The main significance may be that, as clients’ intentions are part of the test for whether or not TUPE applies, the new regulations will create an extra incentive for them to offer project-based business-to-business contracts. The distinction offered by the regulations between employee and employee-like relationships and business relationships are also a useful contrast to the obfuscation of this area created by IR35.



Photo courtesy of The Council of the European Union

may not require service providers to join a professional body or set up an office in the destination country before trading. However, it arguably lacks the simplicity and clarity of the country of origin principle.

Elsewhere in the amended text, the directive allows member states to impose requirements on service providers on grounds of public policy, social policy, public security or environmental policy. This gives plenty of scope for discriminatory barriers to trade to be retained. Experience suggests that many member states may also be able to water down the directive further by taking only half-hearted steps to implement it.

MEPs also amended the text to exclude work agencies. This is another serious disappointment for freelancers, who will find it more difficult to take advantage of a more open market in services if this does not extend to the agencies via which they often find work. A recital has been included in the directive stating the need for full harmonisation of rules relating to temporary worker agencies. This may well be taken up by the Commission as a justification for reviving the temporary agency workers directive when the Services Directive has been settled.

Now that the directive has been considered by the European Parliament, it will go back to the Council of Ministers. At this point the Commission will give a more detailed verdict on the EP result and a modified proposal will be produced. This will take account of both the EP vote and the work done by recent presidencies. In other words, the directive will be totally re-written. This document is expected no earlier than May. This is the version that the Council will discuss, before the directive returns to the Parliament. Any predictions that the directive will be finalised before the end of 2006 therefore seem optimistic.

A fuller analysis can be found on the Policy and Campaigns section of PCG’s website. This also contains a Latest Developments section, which is updated whenever major developments occur in areas of direct interest to PCG. An updated and expanded range of policy documents is also available in the Library.

Arctic: what happens next?

Thursday 15 December 2005 was a day that Geoff and Diana Jones won't forget in a hurry. They weren't alone. Thousands of small family business owners and their advisers had been waiting to hear the outcome of the Joneses' landmark Section 660A appeal at the Court of Appeal.

The case, supported by PCG, was heard in the Vice Chancellor's court, by the Chancellor of the High Court, Sir Andrew Morritt, with Lord Justices Keene and Carnwath in November.

The judgment, a clear and unanimous victory for the Joneses and many thousands of small family businesses, represented a resounding victory for common sense. Geoff Jones was hailed by the Financial Times as "Mighty Minnow of the Year" for standing up to an over-zealous HM Revenue & Customs.

Welcoming the judgment, PCG chairman Simon Juden, said, "This is the best Christmas present for the UK's small family businesses. It means proper recognition for the hundreds of thousands of people who choose to run their own businesses, share the burdens and the hard work with their partners, and rightly expect to share the profits of their efforts."

Geoff Jones, who was at the Royal Courts of Justice with his wife, said, "This is the end of three years of uncertainty for us – at one point we thought we'd lose our home. It's been extremely stressful and we've been made to feel like criminals, just for running our own business."

HM Revenue & Customs has since sought leave from the House of Lords to appeal the case. Here is a brief overview of the appeal process.

Leave to appeal

The application for leave to appeal is made in writing to an Appeal Committee, made up of three Lords of Appeal or Lords of Appeal in Ordinary. The other party – Geoff Jones and his legal team – cannot object to this unless asked for views by the Appeal Committee.

Arctic chill – after the event

Francesca Lagerberg

Many tax advisers and taxpayers will have been breathing a sigh of relief when the Court of Appeal saw sense in the *Jones v Garnett* case and found for the taxpayer. Disappointingly, it looks as though this is not the end of the road, as HMRC plans to appeal, but in the meantime there is some comfort to be drawn.

First, the judgment was very clear. By reversing all the previous decisions, the court found that there was no settlement (and in particular the absence of the crucially required element of bounty) and thus the settlements legislation could not apply.

It was helpful that there were neither service agreements nor employment contracts between the couple. Dividends were not agreed in advance so everything depended upon the future trading fortunes of the company. As with most small businesses,

there was no certainty that there would be profits and no guarantee of any particular outcome. This distinguished it from cases such as *Crossland v Hawkins*, where the settlements legislation had applied and contracts were in place at the outset which meant income was known in advance.

It was also accepted that Mrs Jones contributed towards the profits of the company, whereas beneficiaries in the other cases where the settlements legislation has applied did not.

The court's comments on the spousal exemption formerly found in s660A(6), ICTA 1988 were also very helpful. The exemption could not help in this case because there was no outright gift. Mrs Jones subscribed for her share. However, the Court of Appeal went on to add that if there had been a gift, then the share (an ordinary share) was not substantially a right to income so the spousal exemption could have applied – thus taking the taxpayer out of the settlements legislation. This may be a hook on which many more cases could usefully hang a winning argument.

Reading the Court of Appeal judgment, it appears that very few of the more common husband and wife style business set-ups would now fall foul of the settlements legislation. Nevertheless, it is important to look at each case on its facts and to make sure there is not an issue.



Be aware in particular of cases whose facts differ from those of Mr and Mrs Jones in some material way and appear to fall foul of the guidance note offered by HMRC on its interpretation of the settlements legislation (see www.hmrc.gov.uk).

Could these still be subject to attack? Should you be re-structuring or mitigating against a possible future attack? These are the areas to watch carefully.

Francesca Lagerberg is National Tax Director at Smith & Williamson.
www.smith.williamson.co.uk

PCG and the Arctic Systems case

Mike Warburton

A hearing on the issue is held only if the Committee cannot reach a unanimous decision. Leave to Appeal is granted if the applicants can demonstrate that they have an arguable point of law of public importance.

As an aside, it is interesting to note that this process does not apply to Scottish cases taken to the House of Lords, which simply require two solicitors to certify the case as suitable, in line with what used to be the process throughout the UK.

The appeal

If leave to appeal is granted, the appeal itself is heard by an Appellate Committee of five Lords of Appeal or Lords of Appeal in Ordinary – Committees of seven Lords or more are possible, but only in cases of outstanding significance.

The procedural preparations for this stage can be lengthy and complex compared to those at lower courts, so it can take some months from permission being granted – if indeed it is – to the hearing itself. The hearing is held in a committee room at the House of Lords and the Lords do not wear judicial robes.

The judgment

Judgment is given in the chamber of the House of Lords during a full sitting. Only the Lords who served on the Appellate Committee may speak, but others may attend. Each Lord gives their finding and opinion in turn. Which side wins and which loses is determined by a simple majority of the opinions given. The report is then accepted by a vote of the House.

“If the Chancellor thinks it is right and proper to impose a special tax on small family businesses, run by hard working couples who spend six days a week working in the business and Sundays filling in their VAT returns, he’s entitled to come to the House of Commons and state his case. If he finds enough MPs to support him, it will become law. That’s the way democracy works and, of course, we all have our chance to give our views at the general election.”

Mike Warburton, Grant Thornton

It may be difficult to believe, but until 15 years ago our archaic tax system treated married women as little more than financial appendages of their husbands.

Norman Lamont was the Chancellor responsible for belatedly bringing tax law kicking and screaming into the twentieth century. Even then, the Labour Party in opposition regarded the ability to split assets between spouses as little more than a tax dodge. Fortunately, Parliament agreed with the Chancellor and independent taxation for married women became law.

In doing so, Norman Lamont acknowledged that assets would be split between couples, but noted that it was both inevitable and acceptable that this would happen. This applies whether the assets split are bank accounts, quoted shares, or – as in Arctic Systems – shares in the family company from which dividend income was received.

Roll on 12 years, and with no change in the law, the Revenue decided that this was a loophole after all and must be stopped. To do so, it dug up trust legislation from the 1930s put in place long before independent taxation was even thought of. They conveniently ignored the fact that another government body, the DTI, not only approved of the arrangement, but explained on their website how to do it.

Geoff and Diana Jones may have become the test case, but they were by no means the first to be targeted. We know this from some of the real examples given by the Revenue in their Tax Bulletins. It’s not that these others agreed with the Revenue, simply that they could not afford to fight back.

As the Treasury discovered, the Joneses were a tougher nut to crack, particularly with the immense support of PCG and others who offered their services to fight this most important test case. And yet, the Revenue does not regard it as such.

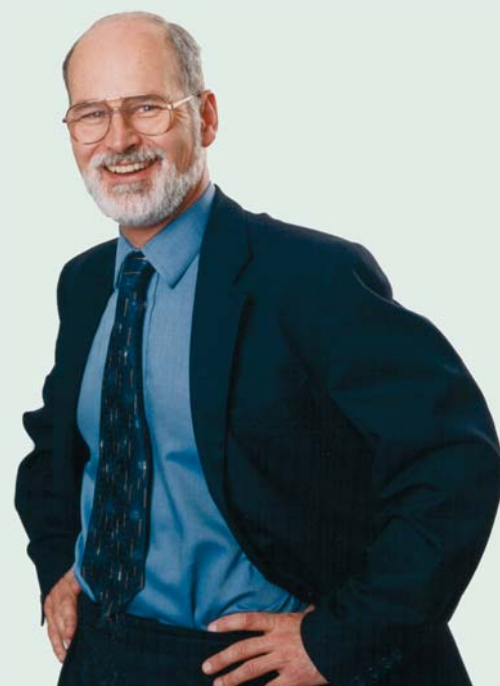
This is a case in which the two Special Commissioners disagreed on virtually every technical point at issue (the exception being that the Inspector could not apply the assessments retrospectively because the Revenue had lost the files).

At the High Court, Andrew Park found for the Revenue, but as we know, they lost 3-0 at the Court of Appeal. This leaves two possibilities. The first is that the Court of Appeal is right and the Revenue should give in gracefully. The second possibility is that there still is uncertainty about the outcome and if that does not make this a test case, I don’t know what would. Still the Revenue refuse to stand the costs, leaving it for others to face.

I have no difficulty with a government that wishes to change the law. If the Chancellor thinks it is right and proper to impose a special tax on small family businesses, run by hard working couples who spend six days a week working in the business and Sundays filling in their VAT returns, he’s entitled to come to the House of Commons and state his case. If he finds enough MPs to support him, it will become law. That’s the way democracy works and, of course, we all have our chance to give our views at the general election. What I find wholly unacceptable is a system where our taxes fund an organisation that uses its immense financial muscle created by our taxes to impose its will on those who cannot afford to defend themselves. Arctic Systems is the thin end of the wedge. The Joneses and PCG have to win this last battle, as I am sure they will.

They do so in the name of what is fair, right and just.

Mike Warburton has been a partner at Grant Thornton since 1984 and is a well-known spokesman on tax matters.
www.grant-thornton.co.uk



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MAVEN TRAINING

UK businesses increasingly turn to freelance consultants

A recent research study carried out by Leeds Business School and people resourcing company Xchangeteam has revealed that more and more businesses are turning to senior freelance consultants for help.

With 40 per cent of freelancers being hired into managerial roles and a further 20 per cent at director level, it is clear that clients are recognising the wealth of talent that is on tap to them as they need it. Emma Brierley, CEO and founder of Xchangeteam, discusses the growing freelance trend and highlights some of the findings unveiled in the survey.

There is a quiet revolution steadily transforming the way that Britain works as more and more people are opting for alternative methods of working. And with 60 per cent of the 662 freelancers surveyed taken on in senior management positions it challenges out of date views that freelance consultants are used to provide straightforward cover at a very junior level.

The figures serve to support a growing trend in the workplace that a significant part of the UK workforce does not match the typical profile of the permanent, full-time employee. Today, the number of UK workers stands at around 28.5 million. Of those, 3.64 million (13 per cent) are self-employed, 7 million (24 per cent) are part-time workers, 7 per cent are freelance workers and 11 per cent are in businesses with no employees (Office of National Statistics).

Career choice

Freelancing is increasingly being seen as a career choice for a growing number of professionals as the benefits outweigh the negatives. The most important reasons for choosing to 'go freelance' are to have more choice and control over work, the desire to lead a better quality of life, increase the variety and challenge of the work and develop their range of experiences. 80 per cent of the freelancers surveyed were aged between 25-45 and 42 per cent said they imagined they would be doing the same thing in five years' time, with 14 per cent planning to run their own consultancy. Interestingly, one fifth of respondents were under 30, highlighting that younger professionals are identifying the benefits of taking control of their careers early on by choosing the freelance option.

British workers are perceived to be the hardest working in Europe but if workers have the skills and personality to go freelance they could be enjoying a satisfying

work life without working 'all the hours god sends'. Those freelancers surveyed are evidence that freelancing can be a good career choice and financially rewarding. 35 per cent of respondents earn between £25,000 and £40,000 and 27 per cent have incomes ranging from £40,000 to £60,000. 39 per cent work between 31 and 40 hours per week and 25 per cent work between 41 and 50 hours per week with one-fifth of the sample working between 20 and 30 hours per week. This demonstrates that freelancers are earning a healthy income whilst working civilised hours to suit their lifestyles.

Planning

Regarding the number of freelancers hired during the course of each year, some interesting findings from the 2005 study compared to an Xchangeteam study carried out in 2000 (*Figure 1 below*) revealed that clients consistently underestimate their use of freelancers.

Irreversible structural, social and economic trends mean that freelance consultancy is here to stay and is the principal route to the best talent. It is important that businesses adapt to this shift and officially acknowledge the positives that freelancers can bring to their organisation and write it into their HR strategy. They need to wake up to the benefits of planning and replace quick-fix short-term use of freelancers with a long-term flexible strategy to see the real value.

Typologies

While an increasing number of people are opting to become freelance, the choice may not suit everyone. The study revealed three basic types of freelancer: 'work-driven', 'self-driven' and 'stress-bitten'. 'Work-driven' freelancers are heavily focused on their



working life and comfortable with their professional role. They enjoy professional status, working as consultants with large organisations; they get all their personal satisfaction from their working lives and all their goals are work-driven and focused.

'Self-driven' freelancers also enjoy their work and focus on doing their best at all times; they, too, are competitive, confident and ambitious. However, these attributes spill over into other aspects of their lives. Not all their goals are work related – it's just as important for them to give as much to training for the London Marathon or raising funds for charities as it is for delivering results for paid work. They derive a lot of satisfaction from the recognition they receive from their clients, whether it's working on a project for a large multinational or a two-man band. Self-driven freelancers probably get the most out of the flexible work/life balance ethos.

The final group, 'stress-bitten' freelancers, has experiences that conform to some of the negative stereotypes about freelance life. These people are stressed and worry about work, finding it difficult to switch off. Work tends to take over and impinge on their time with family and friends.

This research project has provided a detailed insight into freelancing and highlighted that businesses are clearly acknowledging the depth of talent and specialist knowledge and expertise that freelancers can bring to an organisation. Without a doubt, freelancing is being recognised as a serious career choice by an increasing number of UK workers who are thriving in their new roles, on the whole.

The full report, "Freelancing in marketing and creative services - trends and issues" was published in November 2005 and is available to download at www.xchangeteam.com

Figure 1. Comparison of "predictions" and "use" of freelancers since 2000

	2000 (prediction)	2001 (use)	2001 (prediction)	2005 (use)	2006 (prediction)
Yes (more)	33%	51%	25%	37%	29%
No (more)	26%	34%	35%	35%	35%
Same	39%	39%	37%	28%	35%



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Member success stories

Pro-attivo carves a niche



David Clifford has taken his company, Pro-attivo, from being a provider of generic project and programme management services in the IT service management (ITSM) arena to becoming a specialist training and consultancy organisation.

Clifford, who set up the company in July 2000, is now recognised as one of the world's leading lecturers and consultants in ITSM. He is a Fellow of the Institute of Service Management (FISM), the highest level of membership awarded.

Pro-attivo was instrumental in helping the IT Service Management Forum (itSMF) to establish and promote the ISO/IEC 20000 certification scheme, which supersedes the BS 15000 standard and acknowledges the quality service that organisations provide their customers. Pro-attivo consultants have travelled across the world from Korea to South Africa to North America speaking at conferences, providing consultancy and accredited training to clients. This year, Pro-attivo will open an office in Dallas, USA.

"I have put a lot of personal effort into our involvement with the itSMF and ISM. These bodies exist to promote and develop ITSM best practice and ITSM professional competency," says Clifford.

As one of the world's first itSMF qualified BS 15000 (and now ISO/IEC 20000) consultants and auditors, Clifford has actively sought involvement in quality reviewing publications regarding the standard and writes numerous white papers.

Pro-attivo runs three-day training courses, spanning a weekend if required, to help candidates attain the itSMF ISO/IEC 20000 consultant qualification. Some 25 per cent of the world's itSMF accredited consultants have been trained by Pro-attivo, whose delegate pass rate of 88 per cent compares favourably with the 68 per cent average for all course providers.

www.pro-attivo.com
www.itsmf.com www.iosm.com

Transsol reaps rewards of PCG (QS)

Over a year after first receiving ISO9001:2000 certification through the PCG (QS) scheme, Transsol Ltd has continued to reap the rewards of its achievement. The company, which specialises in engineering, safety and risk management in the railway sector, has won several new contracts and is tendering for further projects in the sector, none of which would have been possible without ISO9001:2000.

Having just been through the second year certification audit, managing director Stuart Mealing is unequivocal about the positive effect that ISO9001 certification has had on his business. "We have been able to extend our business within the UK and European

rail sectors," says Mealing. "We have won contracts with Network Rail and Optilan Communication Systems Ltd, and secured further work with Union Railways North Ltd and C I Kalogritsas (Athens Metro Project). We have also received invitations to tender from Tubelines and Transpennine Express Ltd and have been invited to present a paper on our experiences of the Athens Project to the International Conference on Systems Safety being hosted by the Institution of Electrical Engineers in June this year."

"I have no doubt that attaining the ISO9001:2000 standard has transformed Transsol Ltd from a small contracting entity with limited market potential into a serious business with industry wide appeal. The modest costs associated with PCG (QS) are disproportionate to the real and tangible benefits certification provides."

www.transsol.net

Going global

Redvers Consulting has made the transition from one-man IT contractor to a producer of software tools and products for global clients.

Dave Overall had been a successful freelance IT contractor since 1988, but with all the uncertainty surrounding the introduction of IR35, decided to use the profits he had retained in his company to finance the 18-month development of his Redvers COBOL XML Interface and Redvers Cloaking Device.

The former is an off-the-shelf software product that enables COBOL applications to communicate with the world of XML and web services. At the time of its release it was one of only three interfaces on the market, the difference being that it is the only COBOL XML interface to run on the host machine.

The inspiration for creating a COBOL XML interface came from Overall's final consultancy contract, where he was asked to write a bespoke COBOL program that would generate XML for a specific application. The fact that this task is difficult to do in the COBOL language, combined with the fact that exactly the same task must be going on all over the world many times over, gave him the idea to build a general purpose module.

"Bringing a COBOL product to market isn't easy for a small software house," he says, "especially as those COBOL users that do still exist are usually the largest organisations in the world. To have any chance of success, I had to have a global reach to all COBOL platforms. The creation of a company website gave me that, but to sell to any COBOL platform, without running my own mainframe installation, meant that I had to offer the product in its source code form."

This problem created another opportunity; Overall developed the Redvers Cloaking Device, a COBOL obfuscator that removes all comprehensible meaning from the source code, thereby protecting his intellectual property written in the code. This has a much wider application and is sold on the website.

By the end of 2004, Redvers had sold three copies of the COBOL XML Interface in the UK, one to a German company and eighteen to North America. The German IT market – full of large, mature organisations with systems built in the 1970s and 80s – has huge potential for the interface, and so Redvers has partnered with a German company, which has translated its website into German.

www.redversconsulting.co.uk

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- Expert guide to S660A (more tax stuff)
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“A unified voice for the freelance community. Competent, concise expert advice. Discounts and services tailored to freelancers' needs.”

Join online at www.pcg.org.uk today

Protecting and promoting the interests of freelance consultants and contractors



“PCG's quality scheme will represent the single most important development in the UK certification landscape.”



PCG offers a UKAS-accredited ISO9001 scheme for all members at a fraction of the cost of other providers

PCG (QS) was developed in partnership with BVQI and BQI Consulting and is designed to suit small consulting businesses. It incorporates a tailored UKAS-accredited ISO9001:2000 certification process and comprises:

- UKAS-accredited ISO9001:2000 certification
- A stringent code of ethics, relevant to the freelance and consulting business
- A comprehensive support environment

Just think what ISO9001 certification can do for your business. It could open the door to lucrative public sector projects, so why not find out more?

For more information, visit www.pcgqs.org.uk today



ISO9001 certification for small consulting businesses

PCG Quality Accountant scheme

Choosing an accountant is an important decision for any freelance consultant or contractor. Whether the need is only for help with drawing up accounts and calculating corporation tax at year-end or for a full-blown accounting and bookkeeping service, the relationship is likely to be a long-term one that needs to be chosen carefully.

According to members responding to PCG surveys in 2005:

- Over 88 per cent sought business advice from their accountants
- Their choice of accountant was influenced primarily by recommendations, followed by contractor experience and knowledge of IR35 and S660A, with price being only in third place
- When asked, members most wanted a scheme for identifying accountants who had received additional training on contractor-specific tax and accounting issues and had a good understanding of how freelance businesses operate

The accredited accountant scheme, PCG (QA), was developed in response to this clear and compelling demand.

PCG (QA), for "Quality Accountant", is a scheme to help members choose their accountant by identifying and promoting those who have been given additional and specialist training in freelance-specific issues and have undertaken and passed an exacting training and assessment programme.

Developed and delivered in association with Accounttax Consulting Limited, the PCG (QA) scheme involves:

- Strict entry criteria and rigorous application process
- Two-day training programme on:
 - IR35 (intermediaries legislation)
 - S660A (settlements legislation)
 - Customer service training
- Annual assessment, including feedback from PCG members

PCG (QA) complements the other offerings in PCG's quality services portfolio. It offers members access to trusted and credible accountancy advice from a published list of all accredited accountants and reassurance that they will have received relevant and up-to-date training in freelancer-specific issues and submitted a marked assignment.

Members will be able to provide feedback to PCG, which will be taken into account when performing the annual reviews.

The growing trend towards flexible working is likely to increase the demand for specialist accountants trained to handle issues that affect contractors specifically, such as IR35, contract reviews, S660A and PAYE.



Accounting practices that participate in the PCG (QA) scheme will be able to differentiate themselves by having up-to-date training from renowned experts in tax and accounting matters that affect freelance contractors.

Once they have passed, the practice will receive a certificate confirming their accreditation and will be able to display the PCG (QA) logo on their marketing materials. They will also have the opportunity to present their credentials to PCG members and the wider freelance community through publicity on PCG's website and marketing and PR collateral.

Designated participants who undertake the PCG (QA) structured training course will be able to claim continuing professional development (CPD) points.

Except where the firm comprises a sole practitioner, the minimum number of qualified individuals must be two per office. For further information about the scheme and to request an application form, please contact PCG on 0845 125 9899 or email admin@pcg.org.uk

Background checking for contractors

PCG has joined forces with BackgroundChecking.com to offer members a background checking service. The new scheme, called PCG (QP) – for "Quality People" – allows members to have their qualifications, work experience and references independently verified to BS7858 standard.

With increasing pressure from regulators and legislation, employers and agencies are taking more care about checking the backgrounds not only of potential employees but also of freelance contractors and consultants. For freelance contractors, the vetting process can delay starting on a new project or assignment.

The PCG (QP) scheme seeks to overcome this obstacle by providing candidates with a rolling three-year "passport", once their curriculum vitae has been thoroughly checked to BS7858 level and certified.

The checking process covers:

- Basic personal and financial check - electoral roll, county court judgments (CCJs), bankruptcy check
- Highest educational qualification
- Further technical or professional qualification or membership
- Full ten-year continuous history



Jury service cover

PCG has taken out a jury service expenses insurance policy, which came into effect on 1 January 2006, for the benefit of PCGPlus members.

The policy is underwritten by Brit Insurance Limited and is administered by Abbey Tax Protection (ATP) on their behalf. Under the policy, PCGPlus members can claim a jury service allowance of up to £300 per day, less any amount recovered from the relevant court, for up to ten days.

The daily rate payable takes into account the current engagement or if there is no current engagement, it will be calculated on the basis of the last set of accounts. In the case of a PCGPlus member claiming for an employee, the calculation will be based on gross monthly salary.

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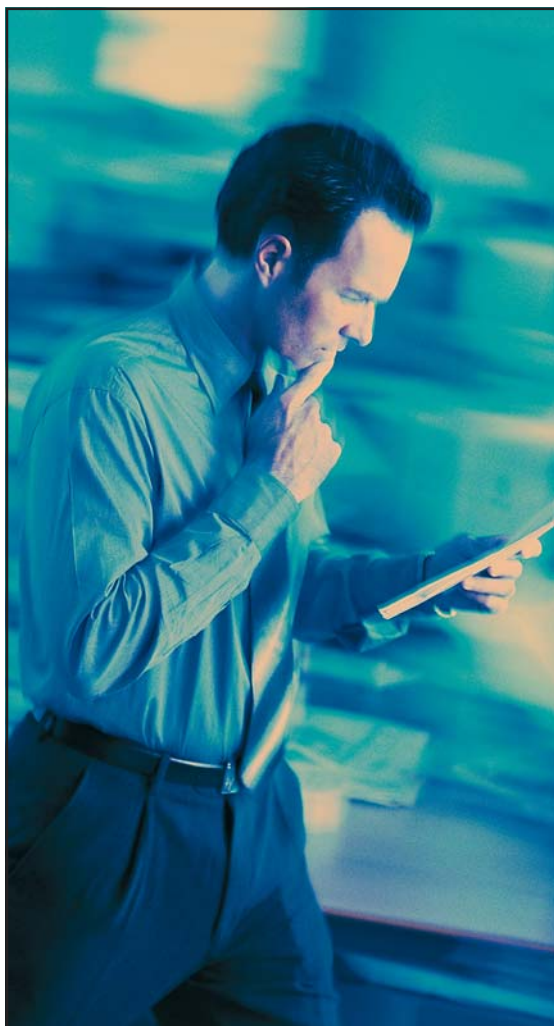
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IR35 Contract Problems?

SQ Computer Personnel are proud to offer their contractors pre-approved contracts for IR35 insurance with QDOS and ACCOUNTAX.

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SQ are currently looking to recruit IT consultants looking for a change in career direction. Promoting our IT recruitment solutions, this is a new business development role and is a position that requires excellent sales skills, tenacity and exceptional interpersonal skills.

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Snapshot of the interim marketplace

Charles Russam is chairman of Russam GMS, the longest established mainstream interim management provider in the UK. Their half-yearly snapshot surveys of the interim management market are now in their sixth year, and here he talks about some of the findings and trends as at December 2005.

How much longer will the interim management market stay this high?

This is the question posed by our latest snapshot survey of the interim management market. The survey reports that market activity stays at an all-time high, and overall daily rates go up to the highest level (£537) recorded by our surveys.

For the first time in many years, the proportion of full-time interims compared with part-timers (anything less than five days a week on a continuing basis) has increased – 73 per cent for full-timers and 27 per cent for part-time – a sure sign of increased demand.

The providers' market share increases materially for the first time and to the highest level recorded by our surveys. Providers now supply 47 per cent of the total interim market – 57 per cent of all full-time interims, but down to 20 per cent for all part-time assignments. One point of interest here is the comparison with the IT contracting market where, we all understand, the proportion of the market supplied by providers has always been very high. Interim providers are going to have mixed feelings if their market goes this way – greater volume but tightening margins and standardised pricing – and, a concern less for the interim than for the provider, having to wait to get paid.

Looking at where interim assignments have taken place, public sector continues to dominate. The softening in public sector work that we thought we detected in the last snapshot does not seem to be happening and might even have shown a slight increase this time. Other categories reflect interims being used by the broadest range of sectors and patterns are fairly constant. Is central & local government replacing permanent with temporary staff and consultants with interims?

Traditionally, interims do well when the economy is doing well and badly when the economy is doing badly. Interestingly,

however, they probably fare best when the economy is moving between – either up or down. It may be that one important message from our latest survey is that we are now starting to look at this period of change.

Daily rates

The daily rates quoted here are arithmetic averages and relate to a wide range of actual rates. The increase is evident across the range of industry sectors and also in professional disciplines, although IT records a slight decrease. The figure below shows average daily rates across all disciplines; analysis by discipline appears in the full report.

Figure 1. Average daily rates (£)

full-time		part-time		overall	
Dec 05	Jun 05	Dec 05	Jun 05	Dec 05	Jun 05
538	521	536	511	537	518

What are interims used for?

Amazingly, this table has not changed materially since we started reporting on it. Interims are continuing to be used as a strategic resource. Twenty years ago, interims were used for crises, filling gaps.

Figure 2. Top ten reasons for using an interim

%	Dec 05	Jun 05
Specialist skills	22	23
Special projects	16	15
New strategy	15	16
Restructuring	13	13
Mentoring/coaching	12	11
Business turnaround	7	8
During recruitment	5	5
Merger/acquisition	4	4
New division	3	3
Temporary absence	2	1
Other (not in top ten)	1	1

Now, progressively, businesses see the advantages of interim management in vigorously promoting the business rather than as defensive and reactive measures. More business processes are being treated as projects or tasks which can be handled outside the core team and short-term over-resourcing is seen as a very effective and legitimate approach.

Quietly noticeable is “mentoring/coaching”, if anything, on the increase. Might this mean that times of high employment and recruitment hassle – and, maybe, cost – it's better to look after your own rather than someone else's?

Another interesting finding from our December snapshot survey is the matter of age. For the first time in several years, the trend towards interims in their forties getting more work and at higher daily rates than other age brackets seems to have blipped.

What we think has happened is that more than hitherto of these interim managers in their forties have been seduced back on to the payroll and the buoyant market has sucked in more interims in their fifties and, in particular, in their sixties.

Figure 3. Daily rates by age (£)

Age range	Dec 05	Jun 05
Late twenties/thirties	469	509
Forties	573	536
Fifties	528	512
Sixties	471	451
All ages	537	518

As we move further into 2006, it will be interesting to see where the market will head. For the present, however, it looks good.

This electronic survey was carried out between 23 December 2005 and 15 January 2006 and of 6,166 executives emailed, 1,093 responded. See www.russam-gms.co.uk



Survive35 TaxSafe Tax Loss Insurance

protecting the tax position of freelance consultants and contractors

As a PCG member you already have the backing of a series of specialists when a dispute arises. As a PCGPlus member, you would be represented from the moment the Inspector calls. But just suppose the taxman wins the argument and your contracts are reclassified as 'caught'.... where will you find the tax? Just follow these four simple steps to protect yourself:

Step 1 Become a PCGPlus member and benefit from Abbey Tax's most competitive TLI rates

Step 2 Get your contracts reviewed by an IR35 specialist and if they pass;

Step 3 Insure the potential tax loss with Survive35 TaxSafe, you can go as far back as April 2000 for as little as £205 p.a.

Step 4 Then get on with what you do best – contracting!

Survive35 TaxSafe: Peace of mind from the PCG's Tax Investigations Insurer

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Abbey Tax Protection is a trading division of Abbey Protection Group Limited which is authorised and regulated by the Financial Services Authority in respect of insurance mediation activities only.



The imminent arrival of "A day" on 6th April provides fantastic opportunities for contractors to fully fund their pension and mitigate tax and National Insurance costs.

Wealth Matters can show you how to do this and explain the new flexibility that pensions now offer.

Wealth Matters have been working with PCG members for over 5 years producing tailored financial solutions for all of their needs.

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New website for PCG

PCG's new website went live on 22 December 2005. The site was developed using a content management system (CMS) called Joomla, which makes it possible for the marketing team and non-technical staff to update the home page and other content areas.

The whole site was redesigned with a view to improving the navigation, not only for members, but also for new visitors to the site, whilst introducing a considerable amount of new and useful content.

Some of the new features include:

- A full library containing PCG guides, publications, articles and position papers, and a suite of draft contracts, which were updated recently to reflect current legal thinking and continue offering protection from IR35
- A site map, search facility and Quick links drop-down
- A new section on all the types of insurance that are relevant to freelance businesses
- Dedicated pages for accountants and advisers, agencies, clients, new PCG members and those thinking about or recently committed to freelancing
- A new section called *Running your business*

Running your business

This major new section was introduced to provide the most useful information and links for new and established freelance businesses in a single place. All the links in this section are summarised on a single page of the website called the *Essential toolkit*.

- **Starting up** highlights PCG's Guide to Freelancing as a useful source of information to new and established freelancers. Other links are to a company formation service offered by an Affiliate member, and a note about umbrella companies in relation to dispensations and allowable expenses.

- **Financial services** addresses the issues of accounting, banking and insurance for freelancers, providing links to Affiliate members providing these services and a detailed guide to relevant insurances.
- **Tax matters** focuses on VAT, taxation of limited companies, personal taxation of sole traders, partnerships and LLPs, self-assessment, allowable expenses, IR35 and S660A. It also provides details of the tax helpline for members.
- **Getting paid** looks at salaries and PAYE, drawings, and the thorny issues of credit control, debt recovery and tackling late payment.
- **Managing your business** examines topics such as working from home, communicating with clients and keeping accounting records.
- **Developing your skills** highlights the importance of training and continuous professional development to freelancers and provides links to various resources, including the highly rated Ashridge Virtual Learning Resource Centre, available to PCGPlus members.
- **Winning business** is about marketing, selling and networking, with ten top tips for effective networking.
- **Personal finances** deals with the importance of not mixing personal and business finances, saving for holidays and downtime, retirement planning and cars.
- **Legal matters** covers employment status, contracts, agency regulations and the concept of liability. It also provides details of the legal helpline for members.
- **Working with others** talks about the value of collaboration and networking in providing freelance businesses with new opportunities.
- The **essential toolkit** provides all the links presented in each of these subsections on a single page.

Future additions

A new section called *Work with us* offers the facility to refer freelancers and accountants to PCG, and further content relating to advertising and events will be added shortly.

www.pcg.org.uk

Why Joomla?

PCG had decided to implement a content management system (CMS) so that new content could be loaded and changes effected by authors.

Joomla – originally called Mambo – was selected primarily because it is a free-to-use CMS with an open source licence. These are some of the key features that made it a suitable choice for PCG:

- Joomla lets you design a website template and fit the content within it.
- Templates use cascading style sheets to control presentation.
- Joomla functionality can be enhanced using components and modules. These are mini applications that run on the website as atomic units. Components run in the main section of the website and modules in the left and right columns.
- PCG has access to a large number of free components and modules which it uses where possible rather than developing its own. Key components include the DocMan document repository, which is the basis of the PCG Library, and PollXT for polls such as the one it ran on Budget Day.
- Where requirements cannot be met using existing components and modules, PCG is free to write its own.

www.joomla.org

PCG website statistics

Top five downloads

- Guide to Freelancing
- Service provider-agency agreement
- Agency-client agreement
- Agency contract terms
- Schedule to agreements

Five most visited pages

- Join PCG/renew PCG membership
- PCGPlus membership
- Standard membership
- New freelancer
- Membership overview

Websites that work

These days, having a website for your business is almost like having a business card or mobile phone – if not absolutely essential, then certainly a very important part of the way you communicate with your clients and prospects.

Your website may also be a key component of your marketing strategy. Think about what you want it to do for your business, such as:

- Generate new business enquiries
- Sell products
- Build a targeted list for further marketing
- Promote your skills and services
- Establish your credibility
- Offer ease of contact
- Provide background information

Your website needs to appeal to your target audience. What services and products are you offering? Why would people want to buy from you? How do you position your company in your prospect's mind?

Think about your existing clients. Why did they buy from you? What problems or pains did you solve for them? In the virtual world of the internet the adage that people buy from people does not apply in quite the same way, but if you are a consultant, expert or trusted adviser, for example, having your profile on your website may be a strong selling point.

Attract attention

The home page is the most important on your website. It sets the tone for the whole site and should illustrate clearly what you do. If you get your home page wrong, visitors will not stay to absorb your sales message.

Avoid flashy animation – unless that's what you design for a living – and large images that detract from your message or make the home page slow to load.

Compelling copy about your products and services should be written from the perspective of your target audience. Highlight benefits, rather than features. Focus on issues and problems of your target marketplace and how you solve them. Talk to your existing clients for ideas. Give people a reason to contact you if that is what you want. Offer them a report or an hour's free consultancy in exchange for their details; encourage them to engage with you.

Navigation and presentation

Navigation should be logical, intuitive and consistent throughout your site so that visitors can find what they want quickly. Do not just rely on menus – use boxes, colour and text-based hyperlinks to highlight key links, especially on the home page.

Make your site easy to read. Use bold headings, sub-headings and bullet points and do not fix the point size – let visitors resize the text in their browser. Fixing the point size can ensure that a site looks good, but this may be at the expense of readability for some. For the same reason, avoid having large blocks of text on a dark background.



Establish credibility

It is important to establish your credibility quickly. Testimonials from existing clients work well, as do case studies provided in Adobe PDF format for visitors to download.

Consider writing a white paper to highlight your expertise, and let visitors download it in exchange for their contact details – limit this to name, company and email address as people hate filling in long online forms. Over time you will build up a marketing list for email campaigns and newsletters.

You could also offer tips and tricks pages and encourage visitors to engage with you by inviting them to ask you questions.

Design features

Design your layout carefully. Avoid automatic resizing; screen resolutions vary from 800 x 600 pixels to 1600 x 1200 pixels and beyond, and if your site resizes to the full width of the browser window, it can be difficult to read. Consider using a fixed window size. Place the text in columns and use short sentences if possible. People read more slowly on the screen than in print.

A visitor should be able to read your most important marketing messages without having to scroll down. Use colour, images, text boxes and large fonts to draw your visitor's attention to relevant content.

Search engine friendliness

For your site to be found on the major search engines, like Google, your copy needs to be sprinkled with key words and phrases that people actually use when they search, so make sure that you do your research first; www.wordtracker.com is a useful resource.

The code for each page should include meta tags providing keyword, description and other information for search engine spiders and other user agents. You can also add text and descriptions, known as <Alt> tags, to the pictures on your site. These comments can be read by search engines and are visible when a visitor runs their mouse over a picture.

Search engine optimisation uses various techniques to improve a website's ranking.

Online marketing, link building

You can use pay-per-click services like Google's AdWords to drive traffic to your site. Your advertisement appears when one of your predefined keyword phrases is matched by someone searching. When they click through to your website, you pay a fee based upon the popularity of the keyword phrase.

Other online marketing techniques include banner adverts on relevant websites and portals, listings in relevant directories and links with other relevant websites.

Testing

There are several browsers in use, and a site may look fine under Microsoft's Internet Explorer but not on an Apple computer running Netscape, for example. You need to test your site thoroughly on all the major browsers – Microsoft Internet Explorer, Mozilla Firefox, Netscape, Opera and so forth, at different resolutions.

Get your business online

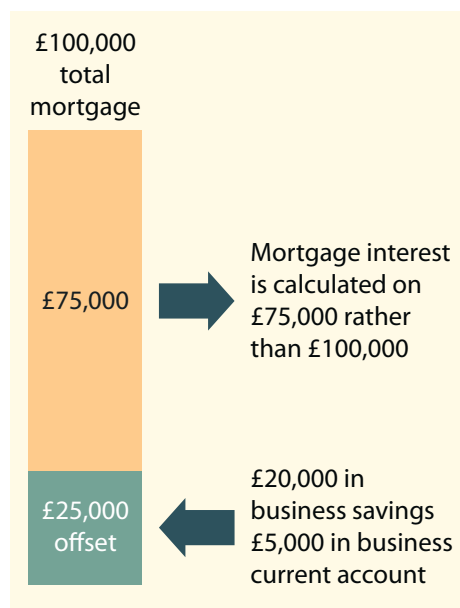
Space permits only a superficial overview of all the issues you need to consider when commissioning a website. If you do not have a website yet, and this article spurs you into action, then it will have served its purpose. Remember – having a website for your business is yet another pointer to being in business on your own account.

Is an offset mortgage right for you?

While the majority of borrowers simply choose the lowest interest rate possible for their mortgage, there could be significant long-term benefits in opting for an offset scheme.

A number of lenders in the UK now offer offset mortgages. All have slightly different features, but most have similar benefits. In essence, an offset scheme lets you link your mortgage to your current account, deposit account and even, in some cases, your business account.

The more you have on deposit in your linked accounts, the less interest you pay on your mortgage. In return, your deposit accounts do not attract interest.



In the current climate of low base rates and abysmal savings rates, the advantage of the offset approach is that your savings work to cut down your mortgage payments and repay your mortgage faster, rather than working to give you a small amount of interest.

In order to benefit from an offset loan, you need to be disciplined about your finances and keeping money on deposit.

Some of the benefits include:

- Financial flexibility
- Tax efficiency
- Shortened mortgage term
- Less interest

Offset schemes are generally flexible in that they can be managed online or over the telephone, allowing you to move funds between accounts as your lifestyle requires. When you need to make payments from your current account, you can transfer funds from your deposit account at the last minute to ensure that you get the maximum benefit for your mortgage.

An offset scheme can be tax efficient. If you are a higher rate taxpayer, interest on deposit accounts (except cash ISAs) is subject to tax at 40 per cent. With an offset account, there is no tax liability because there is no interest. You get the full benefit of the mortgage interest rate applied to your loan, however, which is normally higher than the deposit rate, with no tax deducted.

For example, if you were a higher rate taxpayer and had £100,000 on deposit at an interest rate of 5 per cent, you would receive £5,000 in interest but pay tax of £2,000. If this money were in an offset account, no tax would be charged, but if the same 5 per cent interest applied, then the true rate of return for a higher rate taxpayer would be 8.3 per cent. This makes it a very attractive investment, especially when you consider that funds can be transferred to your current account within three working days or less.

Some schemes allow you to choose a reduced mortgage term or pay less on your mortgage each month.

“In order to benefit from an offset loan, you need to be disciplined about your finances and keeping money on deposit.”

As offset mortgages work on a daily interest basis, you get the benefit of money on deposit immediately. While interest is normally calculated on a daily basis, it is applied monthly; with some mortgage lenders, this means that if you have a balance on deposit equal to your mortgage balance, you will have no payment to make in the following month.



Within the offset schemes, you can choose between a fixed, tracker, capped or variable rate for your mortgage, so you can still have stability of payments if a fixed rate is chosen, but also gain from the offset benefits.

Some lenders allow you to have a pre-agreed mortgage total. This lets you plan ahead for home improvements or borrow money at the mortgage rate instead of using credit cards or loans. This is where the need for discipline should be stressed – in doing so, you are using the equity in your home and you need to think very carefully before securing other debts against your home.

Most mortgage providers now offer remortgage packages to tempt clients to switch. These typically include free legal costs, and some even throw in a free valuation, within certain limits. When you combine the benefits in saved tax, interest and a shorter mortgage term, most people with high incomes or large sums of money on deposit would benefit from an offset scheme in the longer term.

It is important to take independent mortgage advice. Your broker should give you an Initial Disclosure Document setting out the type of service they offer and details of any fees they charge. A broker can tailor any advice to your circumstances, and recommend a suitable course of action. Independent brokers have in excess of 12,000 different mortgage schemes available to them, and should be able to help you find the mortgage deal which is right for you.

Your home may be repossessed if you do not keep up repayments on your mortgage. For mortgage advice we can be paid a commission or fee of usually 0.4% of the loan. *This information was provided by PCG member Andy Prior of Prior Knowledge and is furnished for general guidance only. It is highly recommended that you seek advice specific to your particular circumstances from an adviser who is, or represents a firm that is, authorised and regulated by the Financial Services Authority. Neither PCG nor Prior Knowledge can be held responsible for any loss or damage resulting from the action taken as a result of advice given.* www.priorknowledge.co.uk



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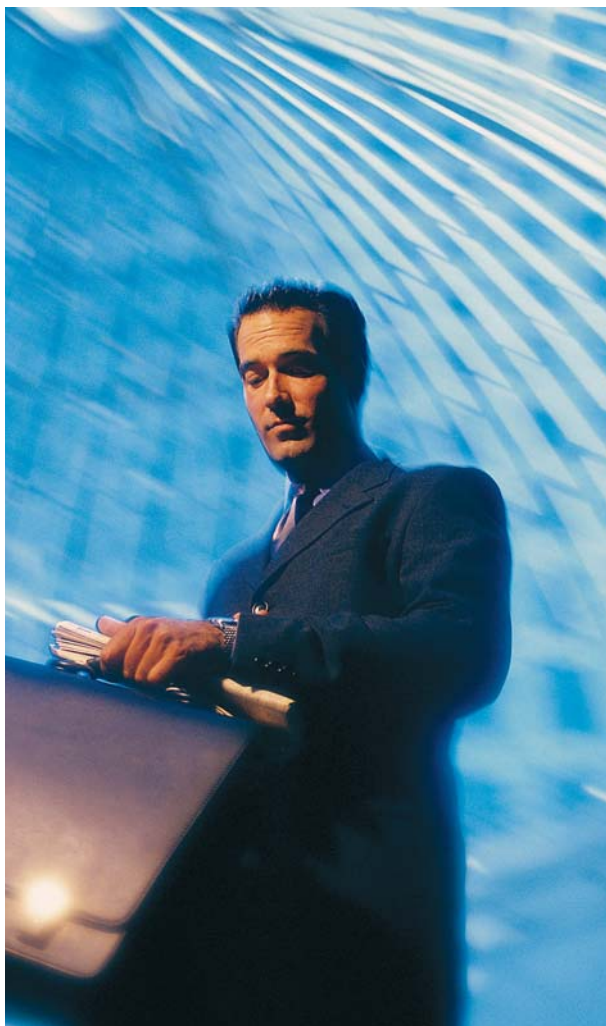
Randell Dorling acts on behalf of Royal & Sun Alliance Insurance plc via Saturn in relation to the PCG Professional Indemnity, Public Liability and Employers' Liability programme. Randell Dorling Limited was specifically created to administer the placing of insurance for groups of professionals and has been insuring PCG members since March 2000.

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Website: www.randelldorling.co.uk



News from PCG headquarters

The day-to-day running of PCG is handled by a team of just nine full-time personnel, including chief executive John Thomas and operations manager Mark Wharton.

Patronage

Industry guru Sir John Harvey-Jones has been one of PCG's two patrons from the outset. In a recent conversation with chief executive John Thomas, he said that he was very pleased with PCG's evolution from single-issue lobbying group to fully fledged trade association.

"I am delighted to be associated with PCG," said Sir John, "and to see its progress as an association that has become adept at dealing with and influencing mainstream organisations, meeting government ministers, MPs and MEPs. Long may it continue."

People

Kevin Stearns, who has been with PCG since January 2003, has been promoted to office manager with the added responsibility of managing HR. His role includes management

of administration and finance, and the maintenance of PCG's quality manuals. Forum moderation has recently been added to his list of day-to-day responsibilities.

Marketing assistant Nadia Mohamed, who started her one-year contract with PCG in July 2005, is nearing the end of her tour of duty and will be returning to Brighton University soon to finish her degree in Business Studies and Marketing.

Her role has included responsibility for co-ordinating the Affiliate membership programme, ensuring that all Affiliates are up-to-date with their membership and that any applications from any new Affiliates are correctly checked and vetted. She has helped organise events, such as Friends Day, and mastered the joys of mail merging for direct mail campaigns and the distribution of PCG's press releases. General administrative tasks, such as renewing members and checking their details, have fallen within her remit too.

From left: John Thomas, Kevin Stearns, Nadia Mohamed



Website

PCG's new website, based on a content management system, went live in December 2005. See page 19 for more details.

Promoting PCG

PCG's introducer scheme is designed to encourage accountants, advisers, agencies and other stakeholders to recommend PCG membership to their freelance contractor clients. Affiliate member and agency Outsource UK has already introduced 27 new members this year.

A compact membership flyer with tear-off application form, ideal for promoting PCG at events, is now available; please email admin@pcg.org.uk to request stock.

Should you have PI insurance?

If you are in the business of selling your knowledge or skills, you should consider having a professional indemnity (PI) insurance policy to protect your business from financially crippling claims from clients for negligent work or mistakes. Even the most respectable companies can find themselves in dispute with a client over a mistake.

Most professionals – accountants, lawyers, architects and the like – carry PI insurance. These are some of the potential danger areas that a PI policy will typically cover:

- Negligence or breach of duty of care
- Intellectual property - unintentionally infringing on others' copyrights, trademarks, broadcasting rights, any act of passing off
- Loss of documents or data - damaged, lost or stolen data and documents belonging to your clients
- Dishonesty - any dishonest, fraudulent, criminal or malicious act

One way to minimise claims is to make sure that projects are well documented, with specific responsibilities set out in your contracts with clients. You should deal with complaints promptly.

Should a client dispute become complicated and nasty, having a PI policy means that you will get help from specialist legal teams to defend a claim in court, without your business facing large legal costs. Even if you lose, the policy may cover you for damages for which you become liable, subject to the level of cover you chose.

Some policies cover the cost of fixing any mistake on your part, to avoid a larger claim being made, and your policy should protect you if you lose or damage any clients' documents in your care.

The level of cover that you choose will depend on a number of factors, including your type of business and its exposure to risk. No two businesses are the same. Some clients specify a minimum; many UK government departments, for example, require their contractors and consultants to have at least £5 million of cover.

PI insurance is different from most other types of insurance in that it operates on what is known as a "claims made" basis - the policy will provide cover only for claims or circumstances discovered and notified to the insurer during the period of insurance, rather than errors or mistakes occurring during the period of insurance.

So, if you plan to cancel your policy when you close your business or retire, you may need to arrange "run off" cover for a period of time afterwards.

Retroactive cover for work that you have already completed before the policy commences is also worth considering. If you plan to change insurers, you should arrange run off cover or get agreement from your new insurer to accept new claims for prior incidents.

If the reputation of your business – and the bottom line – is worth protecting, professional indemnity insurance is a must.

www.randelldorling.co.uk

A freelancer's guide to the new pension simplification regime



The Finance Act 2004/5 contained proposals to simplify pension legislation. These are due to take effect on 6 April 2006 (known as A-Day). Whether you are just starting your career as a contractor or you are a freelance specialist about to retire you need to know how these changes could affect the way that you plan for your retirement.

A-Day (Appointed day) brings with it sweeping and radical changes for contractors. There will be far more flexibility as to how you access existing pension holdings and big changes to the rules surrounding ongoing investments, whether made via an employer contribution from a one-man limited company or personally from private funds.

After this date, the complex web of eight current pension regimes will be updated to just one set of tax rules for all types of pension, with an individual Lifetime Allowance (£1.5 million 2006/2007). This lifetime limit will rise by preset amounts for the next five years and look likely to be increased beyond this date. This amount is far in excess of what most freelancers would currently have built up in pensions, so we have chosen here to ignore the issues facing those who are close to this lifetime limit.

Contribution levels after A-Day

How much can I contribute?

Given the substantial tax breaks associated with pension investment, a fundamental question that clients ask is how much they can invest in a given tax year. Unlike the current restrictive rules that limit pension investment to a set percentage of salary, the new regime will allow contractors to personally contribute 100 per cent of salary. In addition, the rules regarding funding a pension scheme directly from your limited company appear to allow a massive employer contribution of up to £215,000 a year, irrespective of salary. This would mean that, in effect, the only limiting factor on a contractor's investment would be the resources physically at your disposal.

Pension by postcode?

Financial planners and investors greeted the promise of virtually unlimited employer contributions with great enthusiasm but as the mechanics of how the new rules will work in practice become clear it now appears as if this new freedom could, in reality, be difficult to exploit. For a substantial 'employer' contribution to be allowable for tax relief, the final authorisation will potentially lie with the Local Inspector of Taxes, which implies that the new rules could trigger unwelcome interest from the taxman into a contractor's financial affairs. Clearly, a situation where contributions are decided by the largesse of the local tax office could result in different allowable contributions, depending on where an investor's tax affairs are handled. Ironically the current restrictive, yet clear-cut percentage based rules may be giving way to a system that allows more scope to invest in theory but with less certainty in practice.

Solutions post A-day

It appears that personal contributions, from a private bank account, will not attract the attention of the tax authorities to anything like the extent that a substantial employer contribution will. Compared to the age related maximum contribution (17.5-40 per cent of salary) that currently applies, the new 100 per cent limit will offer scope for many freelancers to increase contributions.

On the negative side, the 'carry-back' rules, which currently allow contributions to be

classified as having been made in the previous tax year, were removed for most investors on 31 January 2006. Freelancers also have only a very short time to make use of any higher salary from a previous tax year under the 'basis year' rule that will also disappear this April. This second rule has been widely exploited by investors who are now on tax efficiently low salaries yet can invest substantial amounts based on a previously inflated salary (perhaps a legacy of a spell as an employee or time spent within IR35).

Ongoing employer contributions could prove more problematical and it could be some months before we have a clearer understanding of how the new freedoms will be policed. It seems likely that contributions made under the existing regime would help ensure that any subsequent employer contribution is viewed more favourably, pointing to the need to maximise this year's scope to invest.

Full concurrency

Full concurrency will mean that investors can pay into any array of plans, as opposed to the current arrangements whereby many occupational pension holders and controlling directors are unable to enhance benefits with a personal or stakeholder pension. There will be greater investment flexibility, including collective investments into property (although sadly not directly into residential bricks and mortar as originally planned when A-Day was first announced).

Taking your benefits after A-Day

The new regime allows you to take 25 per cent of all pension arrangements as a tax-free lump sum. For the first time, this will include funds from protected pension funds such as those that relate to contracting out of SERPS (the state earnings related pensions) and its replacement S2P (state second pension). You will also be able to take 25 per cent of AVCs and FSAVCs (free standing additional voluntary contributions) as tax-free cash.

The new rules will allow you to take non lump sum pension benefits in one of four ways:

- **Scheme Pension Payments** – as now, an income can be paid directly from the pension scheme. This kind of pension is usually paid from certain types of large company pension schemes.



- **Lifetime Annuity Payments** – as per the current regime, your pension fund can be used to buy an annuity from an insurance company. The annuity is guaranteed to pay you a regular income for the rest of your life and may also include a pension for your spouse or dependants when you die.
- **Unsecured Pension** – this is the type of arrangement that will suit those who don't wish to use their fund to purchase a rigid annuity. Your fund can remain invested and you can elect to simply take an income, if required, from the fund. Currently it is compulsory that you take at least a minimum level of income but after A-Day you will not have to do so and can allow the growth to accumulate. This type of arrangement is available only until the age of 75.
- **Alternatively secured pension** – this is similar to an unsecured pension but is available only after you reach the age of 75. Unlike the current rules, which state that you must 'secure' benefits with a rigid annuity, it will be possible to leave the money invested and an income can simply be withdrawn from the fund.

Retirement age

From 6 April 2010, there will be an increase in the minimum age at which you can draw benefits from 50 to 55. Although there are certain exemptions to the age that pension benefits can be taken, there will be none for contractors in personal pensions, including stakeholder pensions, which currently permit retirement from the age of 50 onwards.

Trivial pensions

If the total value of all of your pension plans is £15,000 or less at or after the 6 April 2006, then you may be able to take this as a lump sum. 25 per cent of the lump sum will be tax-free with the remainder being taxed as earned income. You should review all your pension plans and calculate their total value. If you are due to retire in the near future and your pension plans are worth less than £15,000 and you want to maximise the lump sum payment from them, then you may want to consider delaying your retirement until after 6 April 2006.

Death benefits

The existing regulations restrict life cover benefits but under pensions simplification the maximum death benefit that a contractor's family can receive is £1.5 million, that is, the Lifetime Allowance. Any excess paid as a cash lump sum over this amount will be subject to the 55 per cent lifetime allowance charge payable by your family or beneficiaries. If, however, this excess is used to provide an annuity for your beneficiaries then this charge will not apply.

This added scope to fund your life insurance requirements via a pension will mean that contractors can benefit from tax relief on Pension Term Assurance and this change of heart by the taxman could spark a major review of existing life cover with the prospect of over 40 per cent tax relief on contributions for some investors.

In summary

It is important to understand that, even at this late stage, some of the implementation of these new rules is not yet fully finalised and there may well be further changes to the proposed legislation. It does, however, seem fair to state that pension investment will allow far more freedom in future, with greater possibilities for tax savings, enabling contractors to build a better nest egg towards a prosperous retirement.

At a time when the rest of the country looks to be sleep walking into a retirement funding abyss caused by longevity and low birth rate the message seems clear, that it is down to us as individuals to provide for our own futures as the state is increasingly unable to do so. At long last, the authorities seem to be going some way to giving contractors the tools with which to provide for that future.

This article was written by Tony Harris of ContractorFinancials and is furnished for general guidance only. It is highly recommended that you seek advice relating to your own circumstances from a specialist adviser. Neither PCG nor ContractorFinancials can be held responsible for any loss or damage resulting from the action taken as a result of advice given.

www.contractorfinancials.com

Cautionary note

On the face of it, the new pension rules look attractive for limited company contractors. According to HMRC, you will get tax relief on contributions up to 100 per cent of your annual earnings, up to an annual allowance set at £215,000 in the 2006/07 tax year. So far, so good – but is there a catch?

Many contractors will want contributions to be paid by their companies, rather than by themselves individually. Those outside IR35 may be drawing low salaries, and their contributions to a personal pension scheme will be limited to this amount. For someone caught by IR35, the marginal rate of relief is around 48 per cent for company contributions compared with 40 per cent for personal contributions, because the latter is a deduction in the IR35 calculation and reduces the National Insurance payable.

For a company contribution to be viable, any premium paid by the company needs to be a deductible expense for corporation tax purposes. Indeed they should be, according to legislation specifically allowing this relief, in Section 196 Finance Act 2004.

There is, however, an overriding requirement (S74(1) Income and Corporation Taxes Act 1988) that for relief to be available, an expense must have been incurred wholly and exclusively for the purpose of the trade. If HMRC can show that a non-business purpose exists for part or all of the expense, they can disallow it for corporation tax relief purposes.

In a recent update to one of its inspectors' manuals, HMRC has stated that a payment "for the purposes of the taxpayer" or "for the benefit of taxpayer" are not payments made to serve the purposes of the trade. Specific situations likely to be challenged include:

- Payment of an artificially high salary
- Payment of an artificially low salary
- Contributions for controlling directors
- Contributions for relatives/"close friends"

HMRC has not declared a *de minimis* limit below which they will not challenge a deduction, so contractors should exercise great caution when considering employer contributions, lest the tax relief be denied.

PCG is extremely concerned about this increased uncertainty for freelance contractors and has approached HMRC to seek clarification. Its new Guide to Pensions, which will be available exclusively to members, is due to be published shortly.

www.pcg.org.uk



Farewell

It was with great sadness that PCG learnt of Roger Borley's death in November. He was a director of Blackmore Borley Limited and its underwriting manager subsidiary, Randell Dorling Limited.

PCG director Simon Griffiths said, "Roger had been a valued friend and loyal supporter of PCG since its early days. He was instrumental in putting together the insurance products offered by PCG which were so fundamental to our early success. He continued his involvement as PCG's broker and his expert advice was always welcome and respected. Roger will be sorely missed, but never forgotten, by anyone who had the fortune to call him a friend."

On PCG's behalf, Consultative Council member Pamela Edwards attended Roger's memorial service at St Michael's in the City on 24 February. The church was packed.

Chris Smith of Randell Dorling, who had known Roger for over 30 years, read his favourite poem, Rudyard Kipling's "If ...".

Afterwards, he said, "We would like to extend our thanks to all those PCG members who have called and emailed to express their sympathy for Roger's untimely death."

Affiliate news

Tax loss insurance from Abbey Tax

A quarter of the respondents to PCG's membership satisfaction survey in 2005 said that taxation was an area of major concern for them. This has always been recognised by PCG – standard membership includes professional expenses insurance cover and PCG*Plus* membership ensures guaranteed representation from day one.

If an enquiry resulted in engagements being deemed caught by IR35, however, the additional tax payable could run into several thousand pounds, which would not be covered by a professional expenses insurance policy.

With this in mind, Abbey Tax Protection has launched a product for PCG members to help them protect their tax position completely.

Survive35 TaxSafe is an insurance policy that covers the tax, interest and penalties that could result if engagements were deemed caught. Abbey Tax Protection advises that

you have your contract(s) reviewed first, and then ensure complete peace of mind by purchasing *Survive35 TaxSafe*.

Premiums start at £250 per year, increasing in line with contract value, although most members are likely to pay under £300. Discounted rates for PCG*Plus* members start at just £205.

It is also possible to cover any past engagements going back as far as April 2000, when IR35 was introduced.

www.abbeytax.co.uk

Affiliate membership

PCG recognises the contribution of a wide range of stakeholders in the freelance marketplace, and invites them to join the 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 fortnightly 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, with:
 - 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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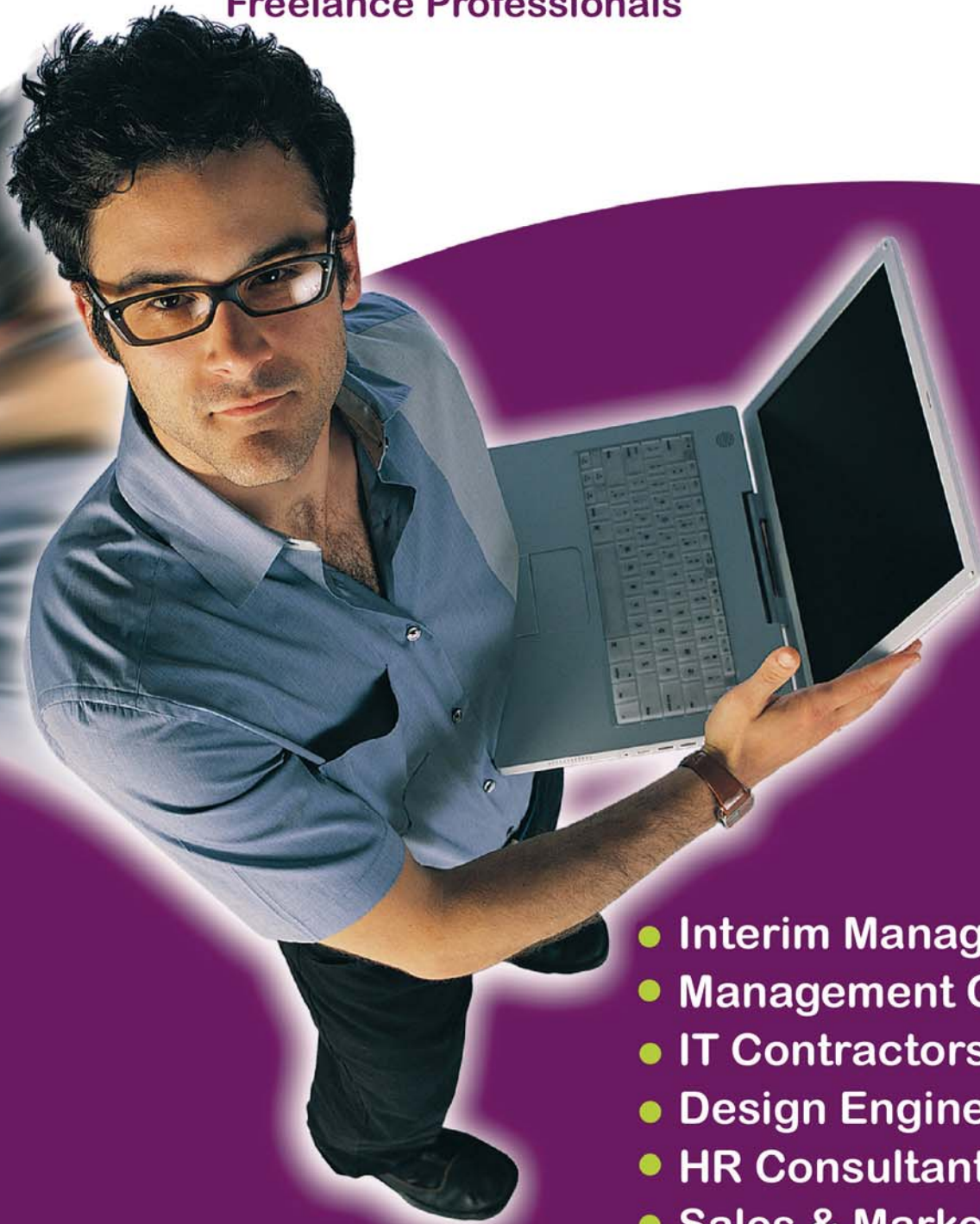


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