

# LATEST BUDGET UPDATE FROM PAYCHECK SERVICES

Revised proposed legislation has just now been released completely changing the tax law that the Government proposed earlier in the year that will apply to Managed Service Companies (MSCs). Rather than leaving Personal Service Companies (PSCs) alone, the revised legislation, published following March's Budget, will treat almost all contractor PSCs set up by specialist PSC providers as Managed Service Companies (MSCs).

In the legislation it is made clear that if you (the **contractor**) have a PSC and use the services of a company such as us (Paycheck) then any dividends paid to you by your PSC will be taxed as if they were payments of PAYE salary to you subject to National Insurance (NI) and travel expenses to temporary places of work would not be deductible. Also if you (the **contractor**) fail to make the correct payments to HMRC then the third party transfer of debt rules **will** shortly apply meaning both you and us could be made liable for such payments.

After taking further professional advice we have decided that the **best and safest course of action** for all our contractors and agencies/service providers is to place all contractors under **an Umbrella Service**. Our **Umbrella Service** is **PAYE only** but any allowable expenses (such as travel to temporary place of work in accordance with our dispensation) can be deducted.

## **What if I am already a member of Paycheck?**

If you are already a member with us, then you will automatically be under our Umbrella service and you do not need to do anything. You will not receive any further dividends after 2<sup>nd</sup> April 2007.

## **What if I am not a member of Paycheck and I want to join your Umbrella Service?**

You can simply go to our website [www.paycheckservices.co.uk](http://www.paycheckservices.co.uk), complete our application form and click the send button. Alternatively, you can give us a call on **01492 536111** and we will get the required registration form to you.

Once we have received your registration form you will be set up and ready to go within a couple of days.

We will contact your agency/service provider and send them all the details they require for paying your invoices on the **same day** as we receive your registration form. We will pay your salary to you on the **same day** as we receive the monies from your agency/service provider.

**We do not charge** a joining or leaving fee.

**We do not charge** for processing expenses.

**We do not charge** you when you are not working.

The above are just some of the benefits of using our **Umbrella Service**. Call us or visit our website for more information. It couldn't be easier.

If you have any queries, please do not hesitate to contact us.

**We are here to help**

Mike Holland  
Managing Director  
Paycheck Services Limited