



INFORMATION BOOKLET
CONTRACTING WITH MONEYBOX5

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About MONEYBOX5

MONEYBOX5 has in depth knowledge of the advantages and disadvantages that can be encountered during the course of a contracting career, and can offer help and advice on any related topic to those who take up or are thinking of taking up.

The company has an established reputation and an efficient working relationship with a large client base as well as large and small agencies.

Our services are delivered to a high quality standard that together with our knowledge of client' needs, provides us with a unique position in the market.

If you have any questions regarding our service or wish to have any point clarified or explained more fully, please ring our contact number where a member of staff will be happy to deal with your inquiry.

What MONEYBOX5 does for you

- > **MONEYBOX5** employs you while you are a contractor. This, in effect, means that MONEYBOX5 operates the limited company and there is no need to form your own.
- > **MONEYBOX5** invoices clients on your behalf at weekly or monthly intervals to meet your needs.
- > You are entitled to tax relief on legitimate company purchases in accordance with the **MONEYBOX5** expense policy, as approved by the Inland Revenue.
- > **MONEYBOX5** operates full monthly PAYE and NI arrangements with expenses, pensions, and allowances, minimising your tax exposure.
- > You can join **MONEYBOX5** at any time. If you are already on a contract, transferring to **MONEYBOX5** is simple. Just fill out the registration form and we'll do the rest.
- > You can leave **MONEYBOX5** at any time.
- > **MONEYBOX5** operates a 'holiday/sickness provision' procedure which deducts a percentage (usually 10%) of your gross pay from each payment. This is placed in a 'personal reserve' for you to ensure that you have some income during periods of sickness and holidays. You will need to tell us whether you require this service on registration. You will need to let us know:
 - What percentage you require to be deducted.
 - How many days holiday and sickness you wish us to provide for.

Looking for a contract?

- > We can also find you a contract. MoneyBox5 is an arm of the Netbox5 group of companies, a provider of IT solutions and project management services to a large number of clients throughout the UK and Europe.

Visit the website at www.netbox5.com or submit your CV to us to see if there are opportunities for you.

Advantages

- > You only pay your weekly **MONEYBOX5** contribution while you are on a contract. If you are out of work, on holiday or sick then your overheads are zero. You know exactly how much your administration overheads will be for any period of time - there are no "financial surprises".
- > You do not need to pay an accountant or have time off to do your books, VAT returns or any of the administrative tasks involved in running a company.

Costs and benefits

MONEYBOX5 was created on the basis that it is expensive and inefficient to run a limited company for every individual contractor. A far better method is to use just one company and thus reduce the costs in both time and money to everyone. As you will see from the following pages, we have managed to keep most of the advantages of being an independent contractor, yet remove many of the responsibilities.

We hope you agree and will give us a try. We charge a fixed weekly rate, only for the weeks you work, and if you decide it is not for you, you can just leave. Much easier than having a limited company!

Although we aim to keep your tax liability as low as is legally possible, that is not the main reason for using our service. We aim to remove the administrative burden of operating as a contractor. You do the contracting, we do the paperwork.

Existing contractors

Are you already a contractor operating a limited company? It's likely you will have some ideas of the problems this can present.... So how do you stop doing it?

First of all there is no need to stop straight away. You can keep your options open by joining **MONEYBOX5** and trying us for one contract and simply not trading with your own company for a while. But bear in mind you must still make annual returns and prepare accounts for your own company, even if it does no business.

When you decide that **MONEYBOX5** is the way to go, then assuming your company has no debts, simply instruct your accountant to "wind up" your company and stop trading.

With our help you can achieve a smooth transition from the hassles of being a company administrator to just being a contractor who suddenly has more free time.

The first-time contractor

The decision to become a contractor is not always easy to make, usually for reasons of job and financial security. To help you in this respect there are any number of agencies willing to place you in what is an established and fairly secure market-place.

MONEYBOX5 will be happy to provide free advice on any aspect of contracting (e.g. contract rates, CV's, cars, expenses, accountancy charges, contract agreements). Feel free to ring us with your questions.

The first hurdle you will encounter as a contractor is having to establish your own limited company.

The second hurdle is actually running the company, which involves invoicing your agency, maintaining PAYE and NI records, making VAT returns, expenses management, yearly accounts.... You can pay an accountant to perform some of these tasks for you, but even if they do, as company director you are responsible for these things and held accountable if anything is forgotten.

With **MONEYBOX5** we run the company and are responsible for the day-to-day administration, not you. All you have to do is find a contract, earn the money and send in your hours to our administration office on a regular basis.

The **MONEYBOX5** service is one which can be used for as long or a short a period as you wish. With us, you can be up and running as a contractor within a matter of hours at no initial expense. But if eventually you decide that contracting isn't for you, or that you would like to form your own limited company after all, it's just as easy to stop using the service. You merely notify us in writing in advance of your last payment and we will issue your P45 and close your account with us.

When you decide to take the plunge, make life easy for yourself and try the MONEYBOX5 Service. Our prices are very competitive and the amount of time and worry we save you is enormous!

Established Sole traders

Are you an established Sole Trader? If so you may well have come across agencies that are not prepared to sign a contract with you. There are many reasons for this, and most are related either to the restrictions imposed on them by the Inland Revenue or the possibility of being liable for your statutory deductions if you default on the payments. The Inland Revenue has created regulations which forbid companies from paying Sole Traders, without deduction of PAYE, if the Sole Trader then works for a third party. The Trader-Agency-Client relationship is a typical example.

MONEYBOX5 is unfortunately also bound to follow these rules and must therefore operate PAYE for any Sole Trader using their services.

We can still perform invoicing and expenses processing whilst you are on contract through us but we must also deduct PAYE from your earnings, just like the agency. If you feel it is time you formed a limited company then we are probably the simplest, quickest and most cost effective way of doing this.

No accountant required, fixed fees and all the responsibility and paperwork taken away.

Established Sole traders may recognise the advantage of this service, since if an Agency will not sign a contract with you, you are obliged to either lose the contract or accept a PAYE arrangement with the Agency, which will not include any expense options and still leave you with your own paperwork to do.

Composite Companies

MONEYBOX5 is not a composite company. Composite companies have complex shareholding arrangements that are designed to allow you to take your income as dividends. They operate in a similar manner to a traditional umbrella company, but aim to pay dividends and therefore avoid some employers national insurance. They are understandably unpopular with the Inland Revenue.

Pensions & Life Insurance

There can be benefits in letting **MONEYBOX5** make pension contributions directly from your invoiced earnings. This will save the employers national insurance deduction which would normally be deducted from your pre-tax salary.

MONEYBOX5 operates a Stakeholder Pension Scheme which you are entitled to join immediately when you sign-up with us. Contributions can be deducted from your weekly/monthly pay at a level determined by you. You will be entitled to the usual tax-relief on any contributions and related benefits.

MONEYBOX5 operates a Group Life Insurance Scheme which you are entitled to join immediately when you sign-up with us. **MONEYBOX5** receives significant discounts on Life Insurance which can be passed on to you. As with the Pension Scheme, a deduction can be made directly from your weekly/monthly pay which will result in you receiving tax-relief on these payments.

Charities

If you make regular payments to Charities then **MONEYBOX5** can arrange payment from your weekly/monthly pay directly to the charity concerned. Just complete the Charitable Contribution Form to put this in place. Again, these payments can be tax-deductible.

Taxes

There are basically three separate taxes deducted from your invoiced earnings.

1) Employers national insurance (payroll tax).

All employers have to pay a tax on the salaries they pay to their employees. When you are in permanent employment, this tax is hidden from you. As an independent contractor you employ yourself and so have to pay this tax on your own salary.

2) Income tax

It varies depending on the amount you earn and your tax code.

3) Employees national insurance

This tax was originally set up to pay for the National Health Service, and the state pension scheme, although it is now a more general tax, linked to the benefits system.

Claiming expenses

MONEYBOX5 operates a complete Expenses system.

This service includes:

- > **Every-day expenses:** including mileage, postage, computer magazines, overtime, meals, and B&B/hotel charges, car parks, car hire and rail/air tickets.
- > **Larger expenses:** including home computers, printers, desks and bookshelves.

Some umbrella companies don't allow you to purchase computers and other large assets through their expense scheme. We do.

- > **Home expenses:** as **MONEYBOX5** does not maintain offices for you to come and work in, you therefore have to work from home, contacting agencies on your home phone and doing computer work from home when necessary. This means that you may claim a proportion of your telephone, gas and electricity bills. However, at the end of the year the Inland Revenue will assess this and perhaps claim percentage of these expenses as private use and adjust your tax code accordingly.
- > **Private cars:** mileage rates on business trips can be claimed as a regular expense. We no longer recommend the purchase of a new vehicle through the company because government legislation has progressively eroded the benefits. Our standard expense form containing commonly claimed expenses will be sent to you when you join.

Invoicing and payment

A contractor is required by the agency or clients to keep an account of time and expense details, this is done through our online System.

The MoneyBox5 cycle works as follows:

- 1) You must register through the MoneyBox5 website www.moneybox5.com
- 2) Once registered you will have a unique online account where you will be able to submit your hours worked for approval.
- 3) Complete your online expense details, print off the expense claim form when prompted, attach receipts and post to our office.
Remember we must have original receipts.
- 4) We will then generate an invoice through our online system and email to your agency or client.
- 5) The client or agency pays directly into our bank account or by cheque through the post.
- 6) We work out your expenses, tax and national insurance, deduct our charges and calculate your net salary.
- 7) We send your net salary to your bank or building society by BACS. This is the normal method of payments transfer and will arrive in your account after two working days.

If you do not send in your hours, we cannot invoice so please remember to let us know!

Starting to use the service

MONEYBOX5 and you

To use **MONEYBOX5** simply register online www.moneybox5.com, once your details are processed and we have received the agreement from your employer, you will be given a unique password and user name that will give you and the employer direct access to your account. After that simply submit your time and expense details for approval, once approved your invoice will be sent to your agency. If you are working direct for Netbox5 we will process your payment once we have received your online details.

The contract with the agency

MoneyBox5 will raise a contract with the client so that we may invoice on your behalf. The agency should then forward the contract to our office in order for it to be signed by our contracts manager.

Before signing, we will read the contract carefully to ensure it contains no unacceptable terms and conditions either from our point of view or yours. You will always be informed if we find anything contentious in a contract but you should ensure that you too obtain a copy of your contract terms and conditions from the client or agency and read them carefully so that you know what we are signing on your behalf. You can ask us not to sign if you are unhappy. You will also normally be asked to sign the contract on your own behalf to signify your acceptance of its terms.

MONEYBOX5 will only be responsible for contractual terms and conditions which relate to the service described in this booklet. You, the contractor also have responsibility with respect to the terms and conditions. If you have any doubts at all about the contract we are to sign on your behalf, please let us know. We will be happy to advise you and to check suspect clauses.

Charges for our Services

We deduct charges from your invoiced earnings.

Basic Charge

Weekly payroll members: £19.95 per invoiced week (or part week)

Monthly payroll members: £60 per invoiced month (or part month)

The basic service including: contract processing, invoicing, payment collection, PAYE processing, Expenses, Pensions, payments to the Inland Revenue and Customs & Excise, annual P11(D) & P60 returns.

The payroll is processed on Wednesday and paid by BACS which will credit your account on Friday. In order to ensure payment, signed timesheets must be received by 2pm on Monday. The payment run may be delayed 24 hours in the event of a Bank Holiday.

Optional extras

Additional payments: £25 per transfer

Documents from our files: £5 per document

We send you copies of all invoices produced, notification of extra payments made and, most important of all, a payslip detailing your deductions.

Self-Assessment Tax returns: From £100 per year

We can arrange for completion of your annual Self-Assessment Tax Return to ensure that your Tax Returns are filed on time and minimise the tax which you pay. Everybody has different circumstances therefore the cost for this service is assessed on an individual basis and agreed before the work is undertaken.

Expenses claim policy

You will need to provide receipts to substantiate all claims except mileage. Please ensure every claim is supported by receipts where required.

1.1 Mileage

Mileage can generally be claimed for all business related travel including to and from your home to your place of work. The exception to this is when you have worked, or when you know you will work, more than 2 years at any one location. If this situation occurs mileage to and from your home to your place of work cannot be claimed.

The following mileage rates, which already includes petrol and maintenance of your car, can be claimed:-

Car	- First 10,000 miles per annum at 40p per mile - Further mileage at 25p per mile
Motorbike	- 24p per mile
Cycle	- 20p per mile
Passenger in Cars & Vans	- 5p per mile

Receipts are NOT required for mileage expenses.

1.2 Subsistence

Subsistence is defined as meal costs whilst working at a temporary workplace. Subsistence can be claimed on the following basis:-

- a) Breakfast (when leaving home before 7.00am) and if you work more than 8 hours a day **not including** travelling time and **excluding** breaks (i.e. lunch) – **Up to £5 (London £6).**

Expenses claim policy (continued)

- b) Lunch, if you work more than 8 hours a day, **including** travelling time and **excluding** breaks (i.e. lunch) – **Up to £6 (London £7)**.
- c) Evening meal (when still at a temporary workplace after 6.30pm) – **Up to £10 (London £11)**.

Receipts for subsistence expenses DO need to be submitted to MoneyBox5.

Subsistence cannot be claimed when you have worked, or when you know you will work, more than 2 years at any one location.

Note: Subsistence costs cannot be claimed where other family members are present.

1.3 Rail, Bus and Air Travel

Rail, bus and air travel costs to and from your home to your place of work.

Receipts are required.

1.4 Parking Charges

Parking charges including parking meters.

Receipts are required.

Expenses claim policy (continued)

1.5 Overnight stays

Accommodation up to the following limits:-

- London £95 per night
- Elsewhere £75 per night

In addition to the accommodation and breakfast costs, you are also granted a further £5 per night to cover Personal Incidental Expenses (PIE).

Receipts are required.

Note: Accommodation costs cannot be claimed where other family members are present.

1.6 Telephone

Identified and itemised business calls up to £35 per month. No private calls or line rental costs are claimable.

A copy of your telephone bill with the business calls clearly identified is required.

1.7 Office consumables and stationery

Reimbursement of reasonable amounts (normally a maximum of £35 per month) for office stationery, postage and consumables used wholly, necessarily and exclusively in the performance of your duties.

Receipts are required.

Expenses claim policy (continued)

1.8 Professional Subscriptions

For a list of the allowable Professional Subscriptions please see the Inland Revenue website at www.hmrc.gov.uk.

Receipts are required.

1.9 Eyesight Tests

It is possible to claim up to £15 in expenses towards the cost of an eyesight test where this is necessary for the initial or continued use of visual display equipment in your assignment(s). A qualified optician must carry out the eyesight test and a receipt for the provision of the test must be supplied.

Receipts are required.

1.10 Congestion Charging

You are able to claim the cost of congestion charging if it relates specifically and exclusively to your assignment. We will audit that the charges match working days and personal travel must not be claimed for.

Receipts are required.

Expenses claim policy (continued)

1.11 Training

Training & tuition costs can be claimed where it is “**work related**” (see below for a definition of “**work related**”).

To ensure any claim is allowable we require:

- a receipt for the full amount for the training
- your current job description
- the name of the training course
- a description of the course

In addition to claiming the cost of the training & tuition any “**related costs**” (see below for a definition of “**related costs**”) can also be claimed.

The definition of “**Work-related training**” is training for your current employment or a “**related employment**” where the training course or other activity is designed to impart, instil, improve or reinforce any knowledge, skills, or personal qualities which:

- are, or are likely to prove, useful to you as an employee when performing your duties, **or**
- will qualify or better qualify you to undertake the employment, or to participate in charitable or voluntary activities arising through your employment.

The term includes a wide-range of practical and theoretical skills, so long as those skills are relevant to your employment. Where leadership team skills are appropriate to you, participation in activities such as Outward Bound, Raleigh International, or Prince's Trust will qualify.

Expenses claim policy (continued)

Examples for clarification are:

- 1) Taking a Microsoft Word course to improve word processing skills would be allowed if your work required you to produce any kind of documentation or correspondence. The majority of IT related employment would obviously qualify for this kind of training whilst perhaps a long distance lorry driver would struggle to prove the course was "work related".
- 2) Taking a Microsoft Project Manager course would be allowed for project managers, team leader, supervisors and anyone in a proven leadership or management capacity whilst perhaps a call centre first line support engineer would again struggle to prove that it was "work related".

The definition of '**Related employment**' is training which is undertaken with an employment or prospective employment in view where:

- any office or employment held with your employer or which is to be held with your employer or a connected person.
- any such office or employment to which you have or can realistically expect to have a serious opportunity of being appointed.

The intention here is to include all genuine training, in a range of competencies, which you need to advance your career, or to achieve a career move. Training in leisure type activities, unless exceptionally an activity which has a genuine connection with your work duties, is not allowable.

The definition of "**Related costs**" is any expenditure related to the training you are claiming for. Examples would be travel, accommodation and subsistence costs when staying away from home to undertake the course. "**Related costs**" should be claimed under the appropriate sections within the expense claim and NOT within the training category (e.g. Subsistence should be claimed within the Subsistence section).

Expenses claim policy (continued)

1.12 Computer Hardware and Software

Computer hardware (e.g. laptop, PC, printer, scanner) and software costs can be claimed where it can be proved that it is essential to your role. A maximum value of £500 per annum can be claimed for computer hardware and software expenses.

To ensure any claim is allowable we require:

- The full value amount of the hardware and/or software to be entered in your expense claim (i.e. if the value is £600 you must enter £600 in your claim even though we can only use £500).
- a receipt for the full amount.

1.13 Clothing

Protective clothing, used to cover your every-day clothing is tax deductible, but that nice suit you bought to meet an important client is not. You would have to prove that the cost of the clothes has been "wholly, exclusively and necessarily" incurred "in the performance of the duties of the office or employment".

Receipts are required.