



March 2007

## IMPORTANT INFORMATION

### Managed Service Companies – An Update

As we near the end of the consultation period (March 2<sup>nd</sup>) and we get a clearer picture of how things will be after April 5<sup>th</sup>, we thought that you would appreciate a brief update on what progress JSA has made in dealing with what that industry has affectionately termed “transition”.

#### **First the facts**

Of course we still do not know what the final legislation will look like, but the consensus appears to be that despite wild claims from those who wish to profit from this situation, Umbrella companies will NOT be included within the final legislation. On the other hand, Composite Companies (multi share classes) will effectively cease to operate after 6<sup>th</sup> April.

Much has been made of the recently released addendum to the proposed legislation, that covering the transfer of debt to 3<sup>rd</sup> parties (including potentially agencies and end user clients) from Managed Service Companies who fail to pay their taxes. Again, this is largely from organisations that are trying to profit from this period of indecision. However, the one thing we are certain of is that if your candidate uses a Personal Service Company and it can be demonstrated that the PSC is not “Managed”, then the proposed legislation will not apply. For your piece of mind, JSA are a firm of accountants regulated by the Institute of Chartered Accountants and supply nothing more than accountancy services to our PSC clients.

Unlike many of our competitors, JSA have undertaken the huge task of personally contacting each and every one of our Chorus clients to discuss their options on an individual basis. We are making steady progress with this undertaking and to date, have contacted nearly 50%. Given the time available to complete this task and the trained staff available, we are confident that we will complete this task in good time, and certainly no later than the end of March. Most of our Chorus clients have, as you would expect, chosen to set up a PSC and have their current contract transferred to that company.

We hope that you appreciate the magnitude of the task we face over the next 4 weeks and the lengths that we are going to ensure that your candidate, our JSA client is fully compliant and using an accounting solution best suited to their individual circumstances.

If you have any questions regarding the transition please call our Agency Team on 01923 257 266.

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