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Advice on Becoming a Contractor by [Ashley Carron](#)

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When you become an IT contractor for the first time there are a number of advantages but there are a number of pitfalls as well. Obviously the main advantage is that you will be getting much more money than you previously got and all of that extra money is money you can save, spend, or invest. Another great advantage is that you don't have to worry about office politics and career progression. However, there are things that you have to bear in mind. One of those is that in most years you won't be working 50 weeks a year – especially during downturns in the economy.

You have to make sure you have set aside enough money for the bad times.

One of the first decisions that you should make is whether you should set up a limited company or work through a contractor umbrella company. If your working practices are not too much different from those of a permanent worker then you may well be caught by the IR35 tax and would be better joining one of the many contractor umbrella companies around where you will be able to claim some expenses against tax. If your working practices are different and you are genuinely in business on your own account then you can work through a Limited Company where you can set a lot of your expenses against tax.

Make sure you get the right insurance also.

Many client companies are insisting that contractors get Indemnity Insurance now, in case the contractor causes an error which costs the company vast sums of money. You may also, if you work through a Limited Company, take out insurance against being investigated for IR35. This can be a lengthy and costly process but you can get the help of experts free of charge with a very good success record to help you prove that you are not caught by IR35. Most contractors make the mistake of thinking, when they first start contracting, that the person from the recruitment company who got them the contract is their agent.

Nothing could be further from the truth.

The contractor and the agent work in tandem when getting a contract which suits them both. However, but the contractor and the agent will want to keep as much of the money that the client will pay for the contractor's services. As long as the new Contractor Mortgages remembers the above they can go on to have a long and lucrative career as a contractor. However, they should remember that the best thing about contracting is that they can pile up money at a relatively young age. If they use the extra money that they earn contracting to take time off then they may well find themselves working for people who used to be their juniors later on in their career.

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