



**The Freelancer & Contractor Services Association Best Practice Code of Compliance**

## **LIMITED COMPANY ADVISOR QUESTIONS**

**Please ensure that you answer all questions fully and accurately and provide supporting information where requested. Failure to do so will result in your application being rejected.**

**For existing members, who are then not assessed as operating in accordance with the Code on or before their renewal date, this will mean automatic suspension from the FCSA.**

**Please ensure that you read and understand 'General Information for Applicants' before submitting this document to your chosen reviewer.**

Applicant fields for completion					
A	Take on procedures	Yes/No/N/A	Supporting Documentation (if required)	Cross referencing (where requested)	Compliant/ Non-compliant (Assessor use only)
A1.	Confirm that before you sell a limited company service to a customer, you consider the suitability of this way of working for the customer by gathering relevant information on his/her individual circumstances.	No			
	<b>Documentation required:</b> Provide a copy of your take on questions and policy.	Not Provided			
A2.	Do you verify the potential customer's identity and undertake due diligence to comply with the Money Laundering Regulations 2017?	No			
	<b>Documentation required:</b> Provide a copy of your policy/procedures, including details of the documents you obtain and checks you carry out to do this.	Not Provided			
A3.	Confirm that in considering the customer's suitability to a particular way of working you consider and discuss with the customer the following relevant factors:	No			
	a. Whether the customer is new to freelancing or has been freelancing for some time;	No			
	b. What freelancing future the customer anticipates;	No			
	c. The impact of IR35 and the customer's likely employment status including their likely turnover and the type of work undertaken;	No			
	d. The customer's attitude to the risks and responsibilities of owning and running their own business;	No			
	e. The responsibilities of owning and being a director of a limited company;	No			
	f. The other options available to the customer – PAYE working, umbrella employment, sole trader working;	No			
	g. The financial implications of the different ways of working;	No			

Applicant fields for completion					
A	Take on procedures	Yes/No/N/A	Supporting Documentation (if required)	Cross referencing (where requested)	Compliant/ Non-compliant (Assessor use only)
	h. The customer's commercial situation (e.g., one client or many, level of income being generated, placements via recruitment agencies or direct, existing limited company owner);	No			
	i. Where the individual is currently, or was an umbrella employee, their reasons for moving to a limited company (i.e., there is a commercial rationale which is discussed individually rather than an automatic transfer process).	No			
	<b>Documentation required:</b> Please provide a copy of any take on script used or other documentation that evidences the above.	Not Provided			
A4.	Do you offer a solution which utilises payments other than employment income or dividends to extract personal payments to owners, directors or employees of the limited company?	No			
A5.	Are your company fees fully disclosed to customers prior to commencement of services?	No			
	<b>Documentation required:</b> Provide a copy of your current fee structure.	Not Provided			
A6.	Confirm that the way in which your business operates (i.e., as an accountancy/limited company advisor) is adequately explained.	No			
A7.	Do you incentivise staff involved in the consultation process to advise one particular way of working more strongly than another?	No			
A8.	Is your firm regulated by a recognised Accountancy body, such as ICAEW, ACCA or CIMA? If so, confirm that your services are provided subject to the standard terms and conditions/engagement letter of the relevant regulatory body.	No			
	<b>Documentation required:</b> Provide a copy of this and cross reference to your terms.	Not Provided			
A9.	If your firm is not regulated, your engagement letter contains the following:				

Applicant fields for completion					
A	Take on procedures	Yes/No/N/A	Supporting Documentation (if required)	Cross referencing (where requested)	Compliant/ Non-compliant (Assessor use only)
	a. The customer's responsibilities as director of a limited company	No			
	b. Their responsibilities regarding operating IR35 where necessary	No			
	c. The main guidelines regarding eligibility to claim expenses or direction as to where those guidelines can be found;	No			
	d. Your role and responsibilities as an advisor and the need for the client to understand the implications of working via a PSC;	No			
	e. Reference to your take on process to establish the identity of the customer.	No			
	<b>Documentation required:</b> Please provide a copy of your standard terms and conditions and/or engagement letter. Please also cross reference where the above points can be found.	Not Provided			
A10.	Provide the following information as at the end of the last tax year or last financial year.				
	<b>Documentation required:</b> The number of your limited company customers.	Not Provided			
	The turnover levels of those limited companies for the last year (tax or financial) split as follows:				
	£0 to £50,000;	Not Provided			
	£50,001 to £100,000	Not Provided			
	£100,001 to £150,000	Not Provided			
	£150,000 and above	Not Provided			
A11.	A financial illustration is optional but must be provided when requested and must comply with the requirements following. Confirm that any financial illustration:				

Applicant fields for completion					
A	Take on procedures	Yes/No/N/A	Supporting Documentation (if required)	Cross referencing (where requested)	Compliant/ Non-compliant (Assessor use only)
	a. Clearly states that it is only an estimate	No			
	b. Includes expenses in the calculation that are representative of the usual level of expenses claimed and reflect the individual's actual circumstances;	No			
	c. Lists the assumptions used;	No			
	d. Gives a clear explanation of the fee structure.	No			
	<b>Documentation required: Please provide a cross referenced copy.</b>	Not Provided			
A12.	If the client indicates that they will be working abroad at any time, do you have a process for helping them ensure that they account for PAYE/NIC as appropriate as well as withholding taxes in the host country. This process may include providing advice to the customer directly or referring them to a suitably qualified specialist advisor.	No			
A13.	Confirm that if you offer a Flat Rate VAT service:				
	a. You assess whether the client meets the definition of a limited cost trader (has spend of less than 2% of its sales on goods (not services) in an accounting period, or it spends less than £1,000 a year even if this is more than 2% of the firm's turnover on goods).	No			
	b. You do not market your services as 'Fee free'	No			
	c. Your fees are set at a market rate.	No			
	d. Your services are clearly marketed as Limited Company services (PSC) not as a single person Umbrella company.	No			
	e. Your Limited Company customer receives the full benefit of any profits generated by the Flat Rate Scheme	No			

Applicant fields for completion					
A	Take on procedures	Yes/No/N/A	Supporting Documentation (if required)	Cross referencing (where requested)	Compliant/ Non-compliant (Assessor use only)
	f. Points a.) to e.) are clear in your marketing information and letter of engagement.	No			
	<b>Documentation required:</b> Please provide supporting evidence of your process for assessing limited cost trader status.	Not Provided			
	<b>Documentation required:</b> Please provide marketing material and/or letter of engagement and cross reference where points a.) to e.) are stated.	Not Provided			

Applicant fields for completion					
B	Expenses	Yes/No/N/A	Supporting Documentation (if required)	Cross referencing (where requested)	Compliant/ Non-compliant (Assessor use only)
B1.	Confirm that customers are advised that travel and/or subsistence expenses are not tax deductible where the customer expects to or reaches more than 24 months working on the same site.	No			
	<b>Documentation required:</b> Please attach a copy of your expenses guidance document	Not Provided			
B2.	Confirm that customers are advised that if a contract falls within IR35, travel and subsistence expenses are claimed in accordance with s339 ITEPA 2003 and accordingly may not be allowable.	No			

Applicant fields for completion					
B	Expenses	Yes/No/N/A	Supporting Documentation (if required)	Cross referencing (where requested)	Compliant/Non-compliant (Assessor use only)
	<b>Documentation required:</b> Please provide supporting evidence of the above advice being provided to customers.	Not Provided			
B3.	Confirm that you have a process to check expenses when producing year end accounts and tax compensation.	No			
	<b>Documentation required:</b> Please provide detailed narrative of the process you follow and/or supporting process documentation.	Not Provided			
B4.	Confirm that your expenses review procedure involves either:				
	a. The receipt of and review of original customer expenses receipts; or	No			
	b. Reasonableness check on expense levels with further information then requested for any claims falling beyond normal parameters.	No			
	<b>Documentation required:</b> If your service involves the customer companies using round sum expenses or expenses dispensations, please provide details.	Not Provided			
B5.	Confirm that you will not allow the submission of tax returns for customers with non-business expenses included as a deduction.	No			
B6.	Confirm that if a customer insists on you preparing statutory accounts on an inappropriate basis, or the submission of tax returns with non-business expenses included, you would refuse to act for the customer.	No			

Applicant fields for completion					
C	IR35	Yes/No/N/A	Supporting Documentation (if required)	Cross referencing (where requested)	Compliant/ Non-compliant (Assessor use only)
C1.	Confirm that you offer a full and detailed employment status review process for all limited company customers for assignments which are subject to Chapters 8 and 10 Part 2 of ITEPA 2003. This either follows a robust process set out in your own policy or you outsource this to a suitably qualified provider.	No			
	<b>Documentation required:</b> Please provide any process and policy documentation covering the above. If outsourced, please provide details of the provider and a link to their web URL and any supporting evidence where such arrangements are set out to the customer.	Not Provided			
C2.	Confirm that where the review is taken up by the customer, you review the contract under which the customer works to ascertain whether the assignment is within or outside IR35.	No			
C3.	Confirm that where the review is taken up by the customer, you consider the working practices of the customer to ascertain whether the assignment is within or outside IR35.	No			
C4.	Confirm that where the review is taken up by the customer, that as part of your review of the working practices of the customer, you specifically gather and consider evidence in relation to the following factors:				
	a. Length of assignment/contract;	No			
	b. Type of services being provided, particularly the levels of skill and knowledge, the level of fees charged;	No			
	c. Any previous employment with the client;	No			
	d. The level of financial risk involved in the provision of the services;	No			



Applicant fields for completion					
C	IR35	Yes/No/N/A	Supporting Documentation (if required)	Cross referencing (where requested)	Compliant/ Non-compliant (Assessor use only)
	e. The extent to which the customer is part and parcel of the client organisation;	No			
	f. The level of supervision and control exercised over the customer;	No			
	g. The mutuality of obligations, if any, between the customer and the client;	No			
	h. The customer's right of substitution on the assignment;	No			
	<b>Documentation required:</b> Please confirm how you document the evidence gathered and discussions with the customer and provide supporting evidence including a copy of any IR35 guidance issued and questionnaires used.	Not Provided			
C5.	Confirm that where the review is taken up by the customer, you offer to check consistency between the contract and working practices.	No			
C6.	Confirm that where the review is taken up by the customer, you offer to review the customer's IR35 related circumstances on an assignment by assignment basis.	No			
C7.	Confirm that where the review is taken up by the customer, you offer an employment status review at least once each 12 month period for all customers whose assignment has not ended.	No			
C8.	Confirm that for those customers who do not choose to go through the comprehensive IR35 review process, you obtain a direct and specific instruction from them prior to the submission of their statutory accounts and other annual returns on the employment status basis upon which the returns should be prepared.	No			
	<b>Documentation required:</b> Please provide an anonymised evidence of specific instruction having been obtained.	Not Provided			

Applicant fields for completion					
C	IR35	Yes/No/N/A	Supporting Documentation (if required)	Cross referencing (where requested)	Compliant/ Non-compliant (Assessor use only)
C9.	Confirm that where you have information that confirms a customer is captured by IR35 for a particular assignment, if a customer insists you prepare documentation on the basis that he/she is not captured by IR35 for that assignment, you would resign or refuse to act as advisor to that customer.	No			
C10.	Confirm that for those customers who have contracts that are captured by IR35 you have a process for discussing and checking the 'deemed employment payment' at the end of the tax year, including the taxation of travel and subsistence expenses where appropriate.	No			

Applicant fields for completion					
D	MSC BEST PRACTICE	Yes/No/N/A	Supporting Documentation (if required)	Cross referencing (where requested)	Compliant/ Non-compliant (Assessor use only)
D1.	Confirm that fees paid by the customer to you are not directly linked to the level of income generated by the company.	No			
D2.	Confirm that fees paid by the customer are linked to you providing your services to the customer and not to the customer providing his/her services to third parties.	No			

Applicant fields for completion					
D	MSC BEST PRACTICE	Yes/No/N/A	Supporting Documentation (if required)	Cross referencing (where requested)	Compliant/ Non-compliant (Assessor use only)
D3.	Confirm that on-going or recurring referral fees are not paid to agencies or other third parties on the basis of the periods during which the customer provides his/her services.	No			
D4.	Confirm you are not earning any income (other than fees for services provided) directly from the cash flow of the customer's limited company. Examples of this would be:				
	▶ Retention of VAT refunds in lieu of fees (such as flat rate scheme income);	No			
	▶ Retention of HMRC electronic filing incentives in lieu of fees;	No			
	▶ Receiving interest in relation to cash balances of customer limited companies in lieu of fees.	No			
	▶ Compulsory insurance products	No			
	If you do earn revenue from customer cash balances/bank accounts/referred products or services, confirm:				
	a. The basis of the revenue received is fully disclosed to your customer;	No			
	b. The customer has free choice of relevant bank accounts and other products or services.	No			
	<b>Documentation Required:</b> Provide a copy of any commission/introductory fee arrangements.	Not Provided			
D5.	Confirm that you do not negotiate the limited company's contract for services with its end client/customer without specific instruction from the customer.	No			
D6.	Confirm that you do not raise invoices without express instruction from the limited company customer.	No			

Applicant fields for completion					
D	MSC BEST PRACTICE	Yes/No/N/A	Supporting Documentation (if required)	Cross referencing (where requested)	Compliant/ Non-compliant (Assessor use only)
D7.	Confirm that you are not an authorised signatory on the company bank account.	No			
D8.	Confirm that you do not (or anyone acting as your agent) receive funds on behalf of the limited company or the individual and then pay these on to the limited company or the individual.	No			
D9.	Confirm that you are not authorised to undertake any bank transactions on behalf of the limited company.	No			
D10.	Confirm that you do not determine the level, frequency or type of payments that are made to the individual from their limited company.	No			
D11.	Confirm that you do not make any payments on behalf of the limited company (e.g., National Insurance Contributions, Income Tax, Corporation Tax payments, VAT payments).	No			
D12.	Confirm that you do not hold client's funds on behalf of the limited company.	No			
D13.	Confirm that you do not determine the remuneration structure of the limited company including the setting of dividend levels for the company.	No			
	<b>Documentation Required:</b> Provide a copy of any standard/periodic guidance provided to clients in relation to pay structures.	Not Provided			
D14.	Confirm that you do not have any ownership of the limited company, either wholly or partly, including any options to acquire such ownership stakes.	No			
D15.	Confirm that you are not a director or company secretary of your customer's limited company.	No			
D16.	Confirm that no one other than the registered shareholder controls your customer's limited company, e.g., via trustees, power of attorney, etc.	No			

Applicant fields for completion					
D	MSC BEST PRACTICE	Yes/No/N/A	Supporting Documentation (if required)	Cross referencing (where requested)	Compliant/ Non-compliant (Assessor use only)
D17.	Confirm that you do not decide or approve what business expenses may be reimbursed from the limited company.	No			
D18.	Confirm that you do not register the limited company for PAYE, VAT or Corporation Tax without specific instruction from the limited company.	No			
	<b>Documentation required:</b> Provide supporting evidence such as standard wording for client clearance.	Not Provided			
D19.	Confirm that you do not submit PAYE, VAT and Corporation Tax returns or annual accounts for the limited company without these being reviewed and authorised/signed by the customer. In the case of RTI returns, the client can authorise you in advance to submit returns based on the agreed pay levels unless they advise you on changes to pay levels. In which case you should confirm the pay/filing position at least quarterly and at the end of the tax year.	No			
	<b>Documentation required:</b> Provide supporting evidence.	Not Provided			
D20.	Confirm that you do not automatically register the limited company for the flat rate VAT scheme.	No			
	<b>Documentation required:</b> Provide supporting evidence including standard client 'sign ups'.	Not Provided			
D21.	Confirm that you do not offer to your customers, directly or indirectly (including by way of referrals to a third party) either tax loss insurance or any form of guarantee in respect of future tax liabilities.	No			
D22.	Confirm that you do not insist on the limited company having any of the following as part of the service:				
	a. An off-the-shelf company provided by you;	No			

Applicant fields for completion					
D	MSC BEST PRACTICE	Yes/No/N/A	Supporting Documentation (if required)	Cross referencing (where requested)	Compliant/ Non-compliant (Assessor use only)
	b. Company formation services provided by you;	No			
	c. A registered office service provided by you;	No			
	d. A company bank account provided by you;	No			
	e. A particular type of company bank account or a bank account from a particular bank;	No			
	f. A company secretarial service provided by you;	No			
	g. An invoicing service provided by you;	No			
	h. A credit control service provided by you;	No			
	i. Insurance as part of a standard package.	No			
D23.	Confirm that you have a policy whereby:				
	a. The customer can bring along their pre-existing limited company;	No			
	b. The customer does not have to use any particular bank to receive your services;	No			
	c. You offer an IR35 review process for individual assignments;	No			
	<b>Documentation required:</b> Please provide evidence of such policies.	Not Provided			
D24.	Please confirm you have systems in place to monitor and address the activities involved in any client HMRC enquiries or compliance contacts.	No			
	<b>Documentation required:</b> Explain what these systems involve, how problem areas are identified and then addressed.	Not Provided			

E	Additional/voluntary information (Please include here any other information in support of your submission)	Applicant fields for completion
E1.	Use this section to provide any additional information or clarification in support of your application. <b>Please note:</b> Failure to provide any relevant additional information or clarification may result in your application being rejected.	

## Declaration

By signing the declaration below you confirm that your business accepts and agrees that it operates to the Code as set out above, that your processes, policies and documentation are consistent and reflect the Code and represent a true and full view of the business you operate. Also, by signing we confirm that we have read the Charter (link found [here](#)) and are in compliance with it, in particular, but not limited to planning solutions.

Signed:

Name:

Date:

Capacity in which signed (Board level required):

For completion by assessor	
Outcome	Commentary
Pass	
Fail	