

## **What is Employers NI and why do I have to pay it?**

In permanent employment it is the company that is liable for the Employer's National Insurance contribution (NIC). Through an Umbrella Company, it is no different and the Employers NIC still needs to be paid on your assignment income. The rate you are offered to work through an Umbrella Company should be adjusted to allow for the fact.

**This therefore needs to be taken into consideration when negotiating your pay rate with the agency or end client.**

Employer's NIC is calculated at 13.8% on earnings above £170 per week and is uncapped so, not taking into account any expenses or the margin that the Umbrella Company retains, this is the minimum uplift you would need on a permanent rate to achieve a similar net pay.

You should be offered a higher rate, to have your pay processed through an Umbrella Company. The higher rate is offered if you are being paid through an Umbrella Company because they are liable to pay the contribution. Provided the rate offered is greater than 13.8%, you will be better off through an Umbrella Company because there are certain business expenses that you may be entitled to claim.