



Pros and Cons of becoming a Contractor or Freelancer in UK

Moving from permanent employment to a freelance or contract position in the UK can be a great way to increase your earning potential, gain flexibility and autonomy, and work on a variety of interesting projects. However, it is important to weigh the pros and cons carefully before making a decision, as there are also some risks and challenges associated.

Pros:

- **Increased earning potential.** Typically, you are able to charge a higher day rate than permanent employees, which can lead to a significant increase in earnings.
- **Flexibility and autonomy.** As a freelancer or contractor, you have the flexibility to choose your own work hours, clients, and projects. This can be a major perk for those who want to work from home, have a more balanced work-life, or pursue their own passions outside of work.
- **Variety of work.** You can usually work on a variety of different projects, with a variety of different clients. This can help to keep work interesting and challenging.
- **Networking opportunities.** There is the opportunity to network with a wide range of people in the industry. This can lead to new job opportunities, collaborations, and clients.
- **Professional development.** It is your responsibility for professional development. This can give the chance to learn new skills, attend conferences, and pursue other openings that interest you.

Summary

- Earn up to 50% more than permanent employees
- Work from home or anywhere in the world
- Choose your own projects and clients
- Work on a variety of different projects to keep things interesting
- Network with a wide range of people in your industry
- Learn new skills and pursue your own professional development

Cons:

- **Lack of stability and security.** You will not have the same job security as permanent employees. It is your responsibility for finding your own work, and you may experience periods of unemployment between contracts.
- **Lack of benefits.** As a freelancer or contractor you will not be eligible for the same benefits as permanent employees, such as paid time off, health insurance, and pensions.
- **Taxes.** You'll be responsible for paying your own tax. This can be more complex than having taxes deducted from your pay as a permanent employee. In addition, if you operate a LTD company and you decide to move back to traditional employment, you will still be required to pay your taxes forward to HMRC.



- **Insurances.** Most clients will require you to hold certain levels of insurance before undertaking work, this can be costly depending on the type of project you undertake.
- **New business development.** Finding and managing your own clients can be a time-consuming and challenging process.
- **Competition.** The freelance and contract market is very competitive, especially for in-demand skills. You need to market yourself effectively and be prepared to negotiate on rates.
- **IR35.** This is a complex set of tax rules that can hold contractors liable for significant financial risks if they are deemed to be inside IR35. This is one of the reasons why a lot of people are put off becoming a contractor.

Summary:

- No job security
- Not eligible for benefits
- Responsible for paying your own tax
- Insurance costs can be high
- Need to find and manage your own clients
- Competitive market
- IR35

Overall, the decision of whether to move from permanent employment to a freelance or contract position is a personal one. There are both pros and cons to consider, and the best option for you will depend on your individual circumstances and goals.

Here are some additional things to consider when making your decision:

- **Your financial situation.** Can you afford to go without a regular income for periods of time? Do you have enough savings to cover your expenses in case of a gap between contracts?
- **Risk tolerance.** Are you comfortable with the uncertainty of freelance or contract work?
- **Career goals.** Do you want to advance your career within a specific company or industry? Or do you want to have the freedom to work on a variety of different projects with different clients?
- **Lifestyle.** Do you want the flexibility to work from home or travel? Or do you prefer the stability of a regular work and location?

If you are considering moving to a freelance or contract position, it is important to do your research and weigh the pros and cons carefully.