

The Common IT Contractor Mistakes You Should Avoid

1) **Do not start work without a contract**

Make sure that the client, agency and yourself are all on the same page in regards to the terms of the contract, and that these are all in writing. Disputes can easily arise within contractual work; therefore, it is fundamental to have a document that you can all refer to should this occur.

2) **Missing Your Tax and Filing Deadlines**

If you are a limited company director, then it is your responsibility to ensure that these are met. If you get your accounts or deadlines wrong, then you could be faced with penalties, fines, or even an investigation by HMRC. Therefore, hiring a specialist accountant can be of great benefit, in terms of both time and stress.

3) **Being Unrealistic About Your Earnings**

When working out your annual turnover it is easy to make assumptions about your earnings that fail to account for illness or time between contracts. Additionally, you will now need to pay for the costs of running a business, such as a pension scheme or insurance policies.

4) **Spending Your Company's Money**

A legal company is a separate entity to its director; therefore you should be mindful of the funds that you draw from it. When drawing any income, you will need to make sure that there is sufficient retained profit to cover any expenses. Again, this is another situation where having an accountant is beneficial.

5) **Cashflow**

Small businesses can quickly go under if they do not keep on top of their cashflow management – make sure that you are aware of your real-time cashflow, to see which invoices need to be chased up. If invoices are late, this can lead to costs not being able to be paid, and you may lose control of your financial situation.

6) **Job Role Offers**

Try not to be too focused on the role you are ideally looking for, as this can lead to passing up contracts that are necessary to keep a steady cash flow. It is therefore important to be willing to compromise on details such as skill set or location.