

This is my summary of The TV Mindset's webinar with David Thomas on 28.3.20, with some additional information kindly provided by a Chief Operating Officer.

DEFINITIONS OF TAX STATUS

- 1. PAYE Freelancer:** you will be moving between short contracts in a company and are effectively paid as an employee, even though you will not receive some employee rights. Your employer will be responsible for deducting tax and NI and you will not complete a tax return on PAYE income;
- 2. Self-employed Sole Trader:** If you are registered with HMRC as Schedule D you are also considered a Sole Trader. You will invoice for your work and are required to complete an annual tax return. You will be taxed on your profit and NOT your turnover – ie your profit will be your turnover minus legitimate business expenses;
- 3. Limited Company:** You will be an employee of your company, even if you are the sole director and will receive PAYE income from that company. Usually this is a very small amount for tax reasons. The company will receive payment from whoever you work for and is able to then pass that on to you as a dividend at various points throughout the year. The company will pay corporation tax and as a recipient of dividends, you will complete a tax return and be liable for the tax on that income.

TAKE STOCK

Now is the time to look at your finances and cashflow.

1. Assess your current situation
2. Project your spending and any known income and identify any gaps between your expenditure and your income. Use the very handy spreadsheet that David has on his website:
<https://davidthomasmedia.com/>
3. Investigate what support is available – from the new schemes introduced by the Government in the past few days, as well as from unions and other bodies

NEW GOVERNMENT SCHEMES

Self-Employment Income Support Scheme

1. This was announced on Thursday for people who are Sole Traders. NB it is possible for people to be partnerships of more than 1 Sole Trader
2. It is open to Sole Traders whose annual PROFITS, averaged over 3 years of tax returns (2016-17, 2017-18 and 2018 – 19), are less than £50,000 – ie if your average profits are £49,999.99 you are eligible, but if your average profits are £50,000.00 you are not.
3. This is based on your profits and NOT your turnover
4. You need to have been trading for at least 1 year (ie 2018-19) and submitted a tax return for that period.
5. If you are late in filing your tax return (tsk tsk), you have FOUR weeks to submit it.

6. If you have only submitted for 1 or 2 years (ie 2018-19 or 2017-18 and 2018-19), HMRC will calculate the average across those years
7. You will be entitled to a taxable grant of 80% of the average profits to a maximum of £2500 for 3 months. This will be paid as a single lump sum, probably in June
8. HMRC will contact everyone who can benefit from this scheme directly with details of how to apply. PLEASE be aware that there may be unscrupulous scammers who will try and exploit this situation so only respond to a bona-fide email – HMRC will never ask for personal banking information as they will already hold these details.
9. Even if you intend to use (or are using when it comes in) this scheme you can apply for Universal Credit but any income from this scheme will affect what you will receive through UC (more detail on UC later)
10. The tax which would ordinarily be due to be paid on 31st July 2020 can be deferred until January 2021
11. If you are **VAT registered**, and have a VAT payment due between 20th March and 30th June 2020 you have the option to either pay the VAT due as normal or defer to a later date. You will not be charged interest penalties on any amount deferred but you must pay the VAT due on or before 31st March 2021. If you normally pay by Direct Debit you should cancel your Direct Debit as soon as you can either directly with your bank or through online banking. After the VAT deferral ends, VAT payments due will need to be paid as normal. Information about how to repay the VAT you've deferred will be available soon. If you're experiencing financial difficulties, more help is available from HMRC's "Time to Pay" scheme.
12. Use the spreadsheet on David's website to automatically calculate your average profits and the 80% taxable grant that you will receive. It currently is not set up for those with less than 3 years' worth of tax returns but he will address that asap.
13. Sole Traders can also apply for Business Interruption Loans which are available through any bank (not necessarily your own although if you are a customer I suspect you will be considered more kindly!) which are 0% interest loans. But these are currently only loans and will need to be repaid.
14. Sole Traders often have what is called "lumpy profits" – ie not regular amounts. If you had time off in the last 3 years, the Government is trying to find a solution to this and the scheme will be tweaked.
15. If you have only recently set up as a Sole Trader, you are currently not eligible for this scheme, but if you are going to submit a tax return for 2019 – 2020, given that the tax year ends on 5th April 2020, it is worth submitting your return asap as this will provide evidence to the HMRC that you are a Sole Trader and as things wash out, you may be entitled to be considered for this scheme

Benefits

1. **Employment and Support Allowance (ESA)**
 - a) You can apply for this if you are sick or self-isolating
 - b) It is NOT means-tested and covers basic living costs
 - c) You will need to have paid two years of NI contributions
 - d) Apply by phone 0800 3285644
 - e) It is paid fortnightly in arrears at £73/week

2. Universal Credit

- a) It is available for households whose income has gone down
- b) It is means-tested. If you have £6000 in savings, the money on offer reduces incrementally to nothing if you have £16,000 or over
- c) It contains elements if you have children and help with rent
- d) You apply online and then will have a telephone interview
- e) It is paid monthly in arrears or fortnightly in arrears in Scotland
- f) Approximate maximums range are £300/month for single under-25 year olds, £400/month singles over 25 and £550 for couples where 1 is over 25. If you're both under 25 – what were you thinking?! (seriously, don't know the figure but check the Government website)
- g) The advice is to get into the UC system if you qualify. Don't worry if you will be eligible for the Self-Employment Income Support Scheme as the UC will adjust when that is paid.
- h) If you need it, UC can give an advance within days of being approved, otherwise it takes an average of 5 weeks before the first payment arrives.

Job Retention Scheme

1. This is for anyone who was being paid as PAYE (ie on a company's payroll), whether as permanent staff or on a fixed-term contract on 28th February 2020. If you were not contracted on 28th February you are NOT eligible for this scheme.
2. Companies designate employees as "furloughed workers" who are then not allowed to generate any income for that company.
3. HMRC reimburse the employer with 80% of an employee's wages to a maximum of £2500 for 3 months
4. NI contributions and a minimum level of any auto-enrolled pension scheme will be paid, initially by the company but HMRC will reimburse both.
5. HMRC are in the process of setting up an online portal for employers to use and the scheme can be backdated to 1st March 2020.
6. If you were on the payroll on 28th February and either the company terminated your contract because of the Coronavirus OR your contract came to its natural end after that date, your employer could extend your contract or rescind the termination. It would be at almost no cost to the company as HMRC would reimburse wages etc as above – the only cost would be for the company to administer this. But it is for the company to keep you on their payroll.
7. Pressure IS being brought to bear on indies by all sorts of bodies to follow this practice and there is a real moral imperative for them to do so. The advice is that you should approach the company that you were working for and ask to be taken back onto their books. There is a real understanding that it might be difficult for an individual to approach a company and request this but do remember that the people who run these companies are having to deal with many of the same things as you and are likely to be sympathetic.
8. You may need to be patient with indies if you approach them as this is a very new scheme and everyone is unsure how it will operate. It's very complex and particularly small indies will face huge issues of cash flow but do be assured that this is being explored 24/7.
9. If the indie refuses on the grounds that they had already issued a P45 and they cannot rescind it, you can confidently tell them that this is contrary to the

advice on the HMRC website and there is an explanation available on what they need to do in order to put you back on the payroll.

10. If you were employed by the BBC on a PAYE contract on 28th February which was either terminated or came to a natural end after that date, you should contact whoever was your line manager and ask to be taken back onto the books. I've seen an email in which those employed on PAYE contracts have been told they will be eligible for this scheme to a maximum of £3000, which is a move to be applauded. Presumably the BBC are making up the £500 above what is being offered by the Government from their own coffers.
11. If you are furloughed from a company you may still be entitled to work, just not for that company.
12. If the company at which you were working on 28th February has gone into administration, contact the administrators to request to be put back on their books and furloughed as administrators have a legal obligation to pay employees.

Limited Companies

1. Under the Job Retention Scheme you can furlough yourself, even if you are a director, and receive 80% of any salary paid to you as an employee, although this is likely to be very small
2. Any dividends which you are paid by your company will NOT be considered as income under the Job Retention Scheme.
3. You can apply for a Business Interruption Scheme through any bank at 0% interest but remember this is a LOAN.
4. If your company is VAT registered, the same conditions apply as outlined under Self-Employment Income Support Scheme Item 11

Any Other Business

I understand that some of you will have questions after reading this and I wish I could answer them, but this is all the information that I currently have. Read this document carefully and you may well find the answer.

If you fall through any of the gaps DO NOT DESPAIR, DO NOT PANIC! This is an evolving situation and the Government's intention seems to be to help as many people as possible but the differences in people's employment makes it a very complex task. They have attempted to help the biggest group first – employees – now the self-employed. What's important is to keep reminding them that you are outside these new schemes.

Jane Merkin
29.03.20

ADDITIONAL INFORMATION TO FINANCE DOCUMENT 4

Summary of BECTU's finance webinar with Tony Lennon (Freelance and Research Officer) and Philippa Childs (Head of BECTU) 31.03.20

BECTU is working incredibly hard on behalf of ALL the self-employed who are falling through the gaps in the Government schemes, but the message from the Treasury has been clear – they are setting a very high bar for any changes to the schemes announced and that the demands should be “proportionate and solutions-based”. While BECTU has a direct line to the Treasury and are pressing every scenario, their sense is that they won't achieve everything they demand.

PAYE Employees/Fixed term contracts

1. There has been clarification around the date of 28th February which may have important implications for some – if you were on a company's payroll, and being paid, on 28th February you are eligible for the Job Retention Scheme. When the Chancellor announced it was widely interpreted that someone had to be contracted on 28th February in order to be eligible to be furloughed. This is not the case. Your contract may have ended earlier, but you need to have been on the payroll on 28th February and paid on or after that date.
2. If your contract has or is due to end AFTER 28th February, you should ask your employer at that time to extend your contract. There is evidence that some employers have done this so you should certainly ask.
3. Should you request this and your employer refuses, if you are a BECTU member (if not, WHY not?!), they will help you in approaching your employer.
4. There have been reports to BECTU that people who have asked to be put back on contract at companies so they can be furloughed are being told that the company will only do so if they vary the terms of the contract. This may be to include a clause that the contract will be terminated when the period of furlough, currently 3 months from 1st March, comes to an end. It is possible that the Government will have to extend this scheme so if your employer requests a variation, ensure that there is no end date but it would be reasonable for your contract to end once JRS is withdrawn.
5. Currently, the BBC has said that it will only furlough people until the natural end of their contract. This only impacts on people employed directly by the BBC.

Sole Traders/Schedule D

1. The deadline for filing your 2018-19 tax return, if you have not already done so, is 23rd April 2020

Limited Companies

1. If you haven't already, ask your accountant whether you are a PAYE employee of your company. If you are not (and don't simply assume that you are), then you are excluded from the Job Retention Scheme.

Business Interruption Loan

1. This is applicable to both Sole Traders and Ltd Companies and is for £10,000
2. The loans are available through any bank, subject to the same checks as any other bank loan, so don't assume that you will automatically receive it.
3. The loan will be 0% for 12 months and thereafter interest will apply.

Universal Credit

1. People who previously didn't have access to UC now do, so even if you have applied before and been refused, it is worth applying now.

Any Other Business

1. If you haven't already, write to your MP, asking for all workers to be treated equally. It's important to stress that many of us in the industry are NOT wealthy individuals, and for Ltd Companies, that you are very small and vulnerable.