



NUJ briefing for the Treasury Committee on its call for additional evidence on COVID-19 assistance for freelances

30 March 2020 (updated on 2 April 2020)

1. The National Union of Journalists (NUJ) is the voice for journalism and journalists in the UK and Ireland. It was founded in 1907 and has more than 30,000 members representing journalists working across the media. The NUJ has more than 8,000 freelance members, many of whom have now seen all their work for the foreseeable future disappear completely and are facing destitution. As you will be aware, one-third of the UK's creative workforce are self-employed – much higher than the national average of 15 per cent.
2. On 26 March 2020, the government announced the Self-Employment Income Support Scheme (SEISS) to support self-employed individuals (including members of partnerships) whose income has been negatively impacted by coronavirus. The scheme will provide a grant to self-employed individuals or partnerships, worth 80 per cent of their profits up to a cap of £2,500 per month to begin in June.
3. Whilst this is welcomed, many individuals are excluded from support at this time of unprecedented crisis and need. We urge the government to work to bring in these measures quicker than June, as this will be too late for many of the self-employed and will cause real hardship, and to extend the announced measures so that excluded are supported.
4. The SEISS scheme must be based on sole trader turnover and not net profit. Particularly in the case of our photographer members, though they are not alone in this, their income has been falling sharply but not their overheads and these are much higher than what they 'earn'.
5. Expenses such as rent, heating, internet, telephone, insurance, equipment hire, bank charges and professional fees still have to be met regardless of the sole trader's income. These costs are frequently greater than the sum identified as profit.
6. The requirement to have traded in 2019-2020 and to have filed a tax return for 2018-19 unfairly excludes individuals who are in their first year of being self-employed, often the most precarious and expensive time, with necessary investment in equipment, insurances, working premises and other overheads. There is no equivalent time qualification precluding employees under the Coronavirus Job

Retention Scheme and it is unjust to penalise those who have recently become self-employed.

7. Many self-employed individuals will have previously been employees and have paid tax and NICs via PAYE. Many have been forced to become self-employed through redundancy and the increasing casualisation of the creative industries. And yet they find themselves now with little support.
8. The government must have a care and include in the scheme assistance for those who have had time out for having a baby, caring duties or illness and also maternity; women will be disproportionately affected. Also, the gap in support and the wait until June may force self-employed disabled people to apply for universal credit and then lose income as a result of transitioning from legacy benefits which currently includes the severe disability premium.
9. The government must recognise the status of 'casuals' and self-employed individuals who while not recognised as employees under employment legislation have been paying tax and NICs via PAYE as "employed for tax purposes".
10. While the Chancellor indicated that everyone covered by PAYE would be included clear instructions must be issued to employers and organisations that those who have been paid via PAYE should be 'furloughed' if necessary. Many companies and organisations will refuse to furlough those who they do not accept as being employees unless they are given clear instructions by the government.
11. Many of these individuals, because they are paid via PAYE for some of their work, albeit they are still self-employed, will be unable to fulfil the criteria of the majority of their income coming from self-employment under self-assessment.
12. Many individuals will not qualify because their self-employed (under self-assessment) is less than 50% because their PAYE work is greater. The only reason that many are on PAYE is because companies insist on freelancers being paid in this way. Such companies did not want the individual to acquire rights under employment legislation. These individuals cannot be allowed to 'fall between the cracks'.
13. Those who have profits of more than £50,000 may also have seen all their work cancelled for the best part of the year. These individuals must be included in any support. Again, in the Coronavirus Job Retention Scheme there is no equivalent preclusion and the cap of £2,500 could equally be applied in these cases.
14. Those working via limited companies are also excluded and have also seen the almost complete loss of their work. Many were forced to incorporate because they were working for companies who would not deal with sole traders. Again, such companies did not want the individual to acquire rights under employment legislation.
15. There are no longer any financial advantages to working via a limited company, with most of the profits of a small business now taxed at 27.5 per cent, so the total deductions are similar to those of a sole trader or a PAYE employee – they are just

calculated differently. These individuals are now being told they will get no help during this pandemic and that surely cannot be fair?

16. We understand that individuals are being advised that as employers they write to themselves as employees and put themselves on furlough. However, many are confused and extremely wary of doing this as it means being dishonest with HMRC as they will have to continue working, trying to find new contacts, doing their administration plus keeping any work going that they can continue.
17. It is an error to say that dividends are not taxed as income. They are. They are taxed at rates directly related to tax brackets. In the lower tax bracket dividends are taxed at 7.5%. If an individual reaches the higher tax bracket, they would be taxed at a higher rate of 32.5%. It is the same tax bracket as for the self-employed and PAYE employees and there is the additional rate for even higher earners.
18. Those running limited companies need a system similar to that offered to sole traders and partnerships, based on their tax returns. These show how much they received in both pay and dividends so can provide an average income for the past three years. Any extra money that they earn will still be shown in future tax returns and will be taxed accordingly. They are the most regulated of all the self-employed, producing accounts for Companies House as well as HMRC and are asking why they are excluded for support.
19. We continue to ask the government to raise universal credit to a Real Living Wage equivalent. While the increase due to the coronavirus pandemic is welcomed, the payment of £94.25 is simply not enough to live on and pay bills. Thresholds for universal credit must be dropped or reformed as many freelancers are barred from applying because they have money put by to pay tax and other contingencies.