



Response to HMRC consultation

Timely Payments in Income Tax Self Assessment (ITSA)

August 2026

About TAC

1. TAC (Teledwyr Annibynnol Cymru/Welsh Independent Producers) represents independent TV production in Wales. With a value of £460m, our sector is a substantial component of the creative industries in Wales, and Cardiff alone has the third largest film and TV cluster in the UK.
2. There are around 50 TV production companies in Wales, ranging from single owner businesses to some of the leading players in the UK production industry, all providing economic, social and cultural benefits. They produce content for the BBC, ITV, Channel 4, Channel 5 and Sky as well as other commercial broadcasters and platforms.
3. Our member companies produce almost all the content for Welsh-language broadcaster S4C. TAC and S4C partner to provide a training programme to help develop talent and skills within the industry. S4C provides a wide range of content for audiences not just in Wales but across the UK and further afield, with its content now increasingly being distributed internationally.

Our response

4. We note that this consultation has had a relatively short timescale of six weeks, which is problematic for any member organisation in terms of seeking detailed views from its members. We are therefore providing comments in brief based on feedback we have, and our knowledge as a trade body whose members who are employers of freelance workers and in some cases have mixed PAYE/freelance earnings.
5. The feedback we have has expressed significant concerns that these measures as proposed would overcomplicate the tax system and thereby cause financial and mental stress to those workers as well as resulting in no reduction in late payments or administrative burden for HMRC.
6. In our opinion these changes are being proposed without due regard to the varied nature of freelance work. They lack adequate impact assessment and are being proposed for implementation on a mandatory basis at a time when employees and employers alike are already having to deal with other recent changes to the tax system.
7. We therefore set out below the particular circumstances for workers in our industry and make recommendations for an alternative approach to the HMRC seeking to address the issues of late payment.

Freelance workers in the TV Production sector in Wales

8. There is necessarily a significant freelance workforce in the TV industry in Wales, and across the industry as a whole due to the nature of the TV production model where companies compete to make programmes for broadcasters and platforms. Creative Wales has reported that Wales' screen sector employs around 6,200 people¹, with the Film and TV Charity research estimating that around 70% of the film and TV work force is on non-permanent contracts².
9. The TV production sector, while successful, has gone through significant difficulties in the last few years. Firstly the Covid pandemic caused a halt to TV production for a period, meaning production companies had no work to offer the freelance workforce. Secondly there was a writers strike in the US which caused the amount of international productions being made in the UK to fall. And subsequently the rise in inflation and, at the same time, fall in the budgets of the BBC and other public service broadcasters has led to a downturn in UK TV commissioning.
10. For these reasons the freelance workforce, on whom our members depend to make their programmes, has less work and that which is available is more sporadic. All of this has had the cumulative effect of reducing available income for freelancers and also leaving longer gaps between their earnings.
11. The freelance workforce is already facing difficulties relating to earlier changes to the tax regime, including IR35. In addition Making Tax Digital will, when fully implemented in the 2028-29 tax year, be requiring those on as little as £20k per annum to take up time with additional administrative burdens and also in many cases procure additional tax support services.
12. Recent research from the Film and TV Charity shows that freelancers are increasingly suffering from stress due to falling levels of work and therefore income. The Film and TV Charity's report 'Money Matters 2'³, published in 2026 and based on a survey of freelance workers in the film and TV industry, states that:
 - the proportion (of respondents reporting that they are finding it 'very difficult' to manage financially has increased from 20% to 26%
 - 22% of all respondents were not in work at the time of the survey and had worked fewer than three months out of the past twelve
 - 31% of respondents had experienced 'erratic pay' – defined as their income differing by 25% or more from one month to the next on four or more occasions over the past 12 months – highlighting an important structural barrier to being able to plan financially
 - 36% of respondents had less than £1,000 in cash savings, including 24% who said they had no savings whatsoever
13. Taking the above stresses on the workforce into account, what is needed more than ever is a tax regime which is sensitive to the variable nature of the work and does not seek to impose a one-size fits all solution in an effort to tackle any late payment issues.

Concerns regarding HMRC's approach

14. While we understand the concerns HMRC may have over whether only having two payments a year leads to people not planning sufficiently to pay their liability, imposing a solution whereby

¹ <https://committees.parliament.uk/writtenevidence/125722/html/>. Accessed 1.8.26

² [Make Freelancing Pay](#). Report produced for BSC/FaTV and screen industry, March 2025, p7

³ [Money Matters 2: Financial wellbeing of the UK's film, TV, and cinema industry workforce](#). FATV 2026

people are forced to pay as regularly as monthly will cause even further economic hardship for the freelance workforce at a time when their finances are already stretched.

15. We do not believe HMRC provides a sufficiently robust impact assessment, for example it does not seek to examine in the cumulative effects on the freelance workforce of IR35, Making Tax Digital and these latest proposed reforms. It also does not provide any support for its assumption that late payments are due to a failure to budget, therefore it is impossible to conclude that these proposals will alleviate the levels of late payment.
16. Given creative freelancers' variable income, it is not unreasonable to assume that it is just as likely that these proposals could cause a rise in late payments, thus potentially negating any possible benefit from seeking to increase HMRC's regular tax intake, in addition to creating confusion and additional cost and administration for payroll managers and freelancers alike.
17. It is better suited to many freelancers to be able to save enough for their tax bill over a longer period of time, which allows them to make other payments when needed and not be in a situation where they are over-stretched due to a convergence of bills. It also allows them to, in the meantime, potentially earn additional income by placing them in, for example, a cash ISA, which were set up to encourage people to save. Therefore making freelancers pay more frequently could lead to a further cost in terms of loss of income from interest, at a time when there is real hardship due to the cost-of-living crisis and further pressures in our industry as detailed above.
18. With freelancers' income so variable, basing payments on tax positions reported two years previously could well result in many being asked to make overpayments, which they can ill afford to do, and in the process they would be losing interest potentially gained on investing that money elsewhere.

Implications for employers in the production sector

19. The knock-on effect of increasing difficulties for the freelancer workforce will, we believe significantly impact production companies, as freelancers seek advice and/or, due to the increased financial difficulties, consider leaving the industry, causing potential shortages in key areas of production at times when demand increases. This could lead to a reduced capacity for the independent sector to make programmes and will lead to a fall in our contribution to the Welsh and UK economy. There could also be a knock-on effect on companies with regard to cashflow with more pressure on the need for freelancers to be paid earlier.
20. In terms of the wider role of our members as employers, these proposed changes will cause additional administrative payroll burdens, especially in an industry where employees' PAYE/ ITSA status is frequently changing. It should be noted that all of our members are SMEs, with in some cases a few management staff performing multiple roles or outsourcing to other professionals, either of which comes at a cost of time and/or money.
21. The detailed response to this consultation from The Association of Taxation Technicians points out the additional burden these latest Timely Payments proposals will place on employers:

'PAYE operators are already having to prepare for the phased introduction of mandatory payrolling of most benefits in kind starting from April 2027, with further roll out in April 2028 and beyond. Under the proposals in the Consultation, they will have to prepare for yet more

change and be ready to deal with additional queries from employees on top of the workload from mandatory payrolling of benefits.’⁴

22. The additional workload described above will therefore place greater administrative and financial pressure on our members, many of who are, similar to the freelancers they employ, dealing with the downturn in the industry and working hard to maintain cashflow. Timely payments from some broadcasters can at times be an issue, and the way productions are funded can mean delay in money being received putting added pressure on companies.
23. There is a duty of care in our industry sector to maintain and support freelancers who find themselves in a difficult situation and under pressure with regards to cash flow.
24. TAC has endorsed the creative unions’ Engaging Freelancers Best Practice Guide⁵ which includes paying freelancers promptly and fairly to show respect for freelancers and setting a positive tone for future collaborations.
25. TAC also works closely with the Film and TV Charity which offers specialist financial advice and support for freelancers.

The HMRC’s proposals are not supported by sufficient evidence or stakeholder endorsement

26. HMRC’s decision to move ahead with the proposals for mixed income and also continuing to consider including those on non-PAYE income, is contradictory to previous consultation results and the feedback of related stakeholders. We note that HMRC’s summary of responses to its 2021 Call for Evidence on this subject reported that:

‘Broadly, respondents were concerned with a ‘one size fits all’ approach to calculating and collecting tax payments sooner and/or more regularly, which would not recognise the variations across business models or sectors. Most were concerned about the potential additional administrative burden, the complexity of accurately calculating tax liability in-year and the impact on cashflow (particularly when considering the transition to timely payment, and for those taxpayers with fluctuating or seasonal income)’.

27. We also note that further research which HMRC conducted with ITSA customers reported that:

‘eight in ten (81%) said record keeping was easy and over two-thirds (68%) of those with direct experience of completing ITSA returns said this process was easy. Only a small minority of participants (6%) reported having difficulty with record keeping and (14%) reported having difficulty with the completion of ITSA returns’⁶.

28. We would also like to reference the response to this consultation from the TV and film workers’ union Bectu,⁷ which states that *‘for many workers in the creative industries, the proposed approach raises significant concerns’*. And that *‘HMRC should provide clear guidance and support to payroll operators, while ensuring payroll systems can accommodate frequent changes in employment status and income without creating unnecessary administrative burdens.’*

⁴ Timely Payments in Income Tax Self-Assessment: Response by the Association of Taxation Technicians, p30

⁵ https://cult.cymru/wp-content/uploads/2026/04/CC_EngagingFreelancers_2026.pdf

⁶ ITSA customers’ views on flexible models of timely payment: Executive Summary. HMRC, May 2025

⁷ Timely Payments in income tax Self-Assessment: Bectu response, July 2026

29. We also note the ATT response states that: *'Based on figures in the Consultation, it appears that any potential benefits of making in-year payments in reducing bill shock for taxpayers and failure to pay on time could be restricted to just 6% of the total ITSA population of 12 million taxpayers, with potential significant drawbacks and complexities for the remaining 94%'*.
30. The ATT therefore concludes that: *'Our recommendation is not to proceed with the reforms in this manner, either for taxpayers with PAYE income as well as ITSA sources, or for those where it is not possible to collect tax via PAYE'*.

Our recommendations on the HMRC proposals

Recommendation 1. The proposals should be paused until the tax regime for freelancers is reviewed by the Government's Freelancer Champion

31. Our key recommendation is that the issues facing freelancers in the creative industries are such that these reforms should be out on hold until there has been a wider review of the suitability of tax arrangements for the UK's freelance workforce.
32. Last year the UK Government, in its Creative Industries Sector Plan, committed to appointing a Freelancer Champion, whose role will be to look at improving conditions for freelancers as part of the workforce.
33. We understand that the appointment of this post is imminent and we therefore believe that it would be prudent for HMRC to call a halt to this process and instead to work with the Freelance Commissioner, plus stakeholder organisations from a wide range of industries. to fundamentally review the tax system for the self-employed in the round.
34. The key principles of this review should be to revise the system to make it as simple and efficient as possible, and bring any associated costs to a minimum for individual taxpayers.
35. The review should also bear in mind the burden of administering payroll for SME employers who work with a largely freelance workforce.

Recommendation 2. Any change to the frequency of tax payments should be no more than quarterly, and voluntary rather than mandatory, with leniency shown during transition.

36. To impose monthly payments would cause real hardship to many low earners and therefore at a maximum payments should be scheduled quarterly, although even in this instance we would maintain that this should be a voluntary measure which taxpayers may opt for as an alternative to paying twice-yearly and which is facilitated by resources such a free-to-use online platform provided by HMRC.
37. While we accept that it could potentially benefit some within the industry to make payments more frequently, this should be on a purely voluntary basis, rather than mandatory – there should not be a one-size fits all policy for all those on mixed PAYE/freelance incomes or wholly freelance incomes.
38. In addition, during any period in which a freelancer was moving from two-yearly payments to another system, there should be leniency shown regarding any penalties for late payments in terms of interest or fines.

39. Key to the success of any implementation of proposals will be adequate guidance and resource provided by HMRC.

Recommendation 3: There should be no lowering of the £1000 ITSA threshold.

40. The HMRC's suggestion that the current ITSA threshold of £1000pcm could perhaps be lowered would, due to the fact it would apply to lower income-earners, result in? a negligible amount of timely tax intake and the additional administration and resulting stress it would cause to an already-under pressure section of the workforce could cause significant negative issues. It would also increase the administration levels for HMRC.

Recommendation 4: The threshold for any changes should be set at a suitably high level

41. Given the amount of additional administrative cost incurred by taxpayer as a result of these proposals, in addition to MTD, we propose that HMRC moves to restrict any changes to where a) the additional time and administration cost are affordable and b) it will make a significant difference to the amount of tax revenue being received by HMRC on a timely basis. We therefore propose that the applicable threshold for any such timely payment changes, plus Making Tax Digital, be raised to a minimum level of £75k pa or, to potentially tie it in with other areas of operation, the VAT threshold (currently over £90k taxable turnover).