Setting up as self-employed in the film, TV, animation, games and VFX industries
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Introduction to freelancing

If you're interested in the creative industries, it will help if you understand how to be a freelancer.

Being freelance means being self-employed, as opposed to employed. If you’re employed, your tax and national insurance are calculated and paid to HMRC (Her Majesty's Revenue and Customs) on your behalf by your employer. If you’re self-employed you file your own tax returns and pay your tax and national insurance yourself.

It’s possible to be employed and self-employed at the same time, but many people in the creative industries are entirely self-employed. Others, especially those setting out, freelance in their spare time while holding down a day job.

Statistics from the ScreenSkills Workforce Survey suggest about 30% of people working in the creative industries in the UK are self-employed. There’s variation between the different industries though - only 14% of people in games are self-employed but in film production that figure is 90%.

There are different ways of describing a freelancer, so it’s important to understand them:

- If you’re **self-employed** it simply means you file your own tax returns.
- If you’re a **freelancer** it means you work for multiple clients without being permanently employed by them. You can be self-employed without being a freelancer, but you can’t be a freelancer without being self-employed.
- A **contractor** is just a term for a freelancer that works on long-term projects, sometimes for months or even years at a time, but will usually be self-employed, and will usually be freelance.
- A **sole trader** is the term used by HMRC to describe an individual who is self-employed.
- A **limited company** is just another method of self-employment, with more options to grow into a larger business in the future. It can be a little more complex to register a limited company, and it’s not usually worth it until your business is up and running, and stable enough to support you.
- **Moonlighting** is loosely defined as working a second job in the evening, or at night. If you’re doing a job that isn’t too stressful and it feels like you can balance it, then it can be a great way to try freelancing out. It’s worth reading your contract of employment to make sure that moonlighting is permitted. If you’re unsure talk to your line manager or someone equivalent.

It’s important to state that freelancing is hard. It’s the same amount of work as a day job, but with managing your own sales and marketing, finance, tax, facilities and equipment on top. Work-related benefits such as sick pay, maternity pay and holiday pay can also be more difficult as you don’t have an HR department to cover it for you.

But don’t let that put you off. Working freelance can give you more flexibility than any day job and you can decide your own pay, pick and choose jobs that you want to do, and decide on your own hours and workspace.
Versatility

Sometimes you'll be asked to do a job slightly out of your comfort zone. If you can take it on and still deliver your work by using the resources around you, you'll be in high demand.

Whether by calling up friends in your network, reaching out on Twitter, or simply searching for information on public forums, you'd be surprised at all the resources available. Sometimes your employer may even provide some training if the work is specialised.

Communication

Being able to clearly explain your ideas goes a long way, whether over a coffee or a video call. Take the time to do yourself justice, make sure that everyone is happy with your plan and keep records of your communications.

Don't be afraid to ask questions if a brief or an instruction isn't clear. It's important that you deliver what the client wants, rather than something that isn't right. Being articulate will also help you pitch for bigger jobs at bigger companies, as well as answer any difficult questions they have lined up for you.

Motivation

Being dedicated to wake up and start work can be more difficult than most new freelancers think. Having discipline to keep your working hours consistent, as well as helping friends and family understand that you're “at work” even if you're at home, will go a long way in keeping your freelance business successful. Take time to figure out the best routine and structure that keeps you motivated.
Confidence

Being a freelancer boils down to selling yourself and your skills. From setting rates to networking at industry events, it can be quite daunting if you’re a bit of a wallflower. You’ll be happy to know that with practice, it gets easier.

Make sure you’re setting your rate in line with your peers in the industry – use rate cards from a union or agency to avoid undercharging for your services. Make sure to keep a portfolio of work freely available and up-to-date. Your work should speak for itself.

You don’t have to jump in the deep end either. Many people start out with a part-time or full-time job to support themselves while they get established. If you’re working a job that isn’t too stressful and feel like you can balance it, then it can be a great way to try it out.

Always read your contract of employment to make sure that “moonlighting” is permitted (if you’re unsure talk to your line manager). Most companies have policy against you soliciting their clients. For example if you’re employed at a design studio and start to undercut their prices to steal their clients, you’ll lose your job fairly quickly.

Awareness

An understanding of your practice will prove to prospective employers that you’re reliable and switched-on. In a traditional job, you may be offered training opportunities, but when you’re freelance, you’ll need to pay for it yourself, as well as take the time out of work to attend. While 64% of creative industry employees said they’d taken training during the last 12 months in 2005, it had fallen to just 51% in 2014.

Online training resources can be an affordable alternative to in-person training. Maintaining your own presence online will help employers see that you’re engaged and interested in the work you do. Read industry publications relevant to your sector to keep up with the latest projects, technology and issues that could help you identify new business opportunities.
Training and equipment

Unlike a traditional job, there are no entry requirements for a position that you build yourself. But there are exceptions that vary sector-by-sector, so it’s worth researching your specific job role before you commit. For example, on-set technicians working with lighting equipment require electrical qualifications, and for many of the roles that require working in hazardous environments, you will need health and safety training.

If you start out as a nomad without your own desk, you’ll run into the first hurdle of freelancing. Offices will provide you with a desk, a computer and a reasonably comfy chair. Some roles may require you to provide your own equipment, whether that’s a laptop, recording equipment or even basic hand tools for creating costumes, props or sets.

It does vary from industry to industry, of course. In advertising, it’s customary to offer freelancers a hot-desk (a desk reserved for transient staff members), as well as a phone and company email account, where appropriate. And in some VFX roles you’ll be offered a workstation, depending on your responsibilities.

Your first contact with a client should involve a discussion about the tools you need to work, and whether you’ll be expected to join them in their office or work remotely. When this involves travelling you then have to question if your rate can cover your travel and accommodation expenses.

It pays to set out your ground rules early on. If it’s not feasible to purchase, maintain and insure your own tools in your sector, make sure rental costs are part of your initial pitch so that you can do your best work with the equipment you need. Do your research before starting out and don’t be afraid to reach out to your peers.

“Pay attention to the industry. Having that awareness is the best qualification.”

Joe, development executive
30–40%  
The amount of your pay cheque you should save for tax, national insurance and student loan if you're self-employed.

£0  
Cost to register as self-employed with HMRC.

Tax and Finances

April 6  
Start of the financial tax year, which runs for 365 days.

£400–1000  
Average yearly accounting fees for self-employed workers.
As an employee of a company, your income tax, national insurance payments, student loan repayments and workplace pension contributions are all taken out of your paycheque before it is paid into your bank account. When you choose to be self-employed it all becomes your responsibility to manage. Failing to keep on top of it can result in fines, so it’s best to feel completely comfortable with this practice before making the jump.

Income tax is likely to feel like the most significant amount of tax you will pay. Part of your income is tax free. After that, you pay a certain percentage of your income to the Treasury, depending on how much you earn. The rates and the thresholds change so go to [gov.uk/income-tax](https://www.gov.uk/income-tax) to find the latest information.

While it sounds complex, the self-assessment tax return system will calculate this for you, and there are many ways to claim this tax back. If you’re earning an amount in the higher brackets, it’s sensible to get advice from an accountant to make sure that you’re filing correctly, and avoid penalty fines.

Remember that if you earn money from your self-employed work as well as salaried work, (for example, operating as a freelance designer but working two days a week assisting at a print shop) you have to declare it. The total that you’ve earned during the year (and therefore the bracket you fall into) is all of your income totalled up, minus your expenses.

National insurance is the system that allocates funding to public benefits. As a self-employed worker, you’ll have to organise these payments yourself. If you’re earning over the current bracket, you’ll need to pay this at the end of the tax year. However, if you’re earning under the limit, you can choose to pay it voluntarily. When you retire, you’ll only be eligible for the state pension if you have enough years logged of paying national insurance contributions, so even if it’s not mandatory it’s worth considering if you’re later in your career and have less time to log enough years to be eligible.

If you are fully self-employed, you won’t be contributing to a workplace pension. You should therefore consider paying into a personal pension. Go to gov.uk and search for ‘personal pensions’ for advice.

Student loan repayments will vary for everyone depending on the year you went to university. You’ll only need to worry about this if you took out a student loan to pay for your university fees. If you’re employed, these payments will be taken from your paycheque. When you do your own tax return, you’ll need to organise this yourself. Your payments will be calculated based on your income, and you’ll pay it alongside your national insurance and income tax.

If you want to work freelance but can’t manage all the bookkeeping yourself, there are many accountants that do this for you, and many that will even specialise in your industry. Prices can start at around £400–1000 per year for qualified accountants, so it can be a big commitment, especially in your first year of trading. While this is a good option for the newly self-employed, a strong understanding will help you price your business, manage your money and work efficiently, even if you don’t file the paperwork yourself.

“You have to be organised. I didn’t do it in my first year, but I am doing it now.”

Charles, cinematographer
Time-tracking and Invoicing
When you’ve finished your work (or at any milestone as set out by your contract) it’s time to send an invoice. While this can be as simple as a single side of A4, there are some pieces of information that need to be on every piece of documentation.

Payment terms are the requirements (as set out in your contract) that describe how you are to be paid, most specifically the currency and time-frame. Most employers and companies will settle for Net 30, which is 30 days between receiving the invoice and payment being due.

If your business earns over the VAT threshold in a tax year, you’re legally obligated to register for VAT. Value-added tax is a surcharge on goods and services from larger businesses that goes straight to the Government. Once registered, you’ll need to charge VAT to your customers and clients, but you get to reclaim any VAT paid on business expenses. Once you are at this level of income, it’s strongly suggested that you talk to an accountant.

You get plenty of time from HMRC to get your tax return in order. The financial year runs from 6 April to 5 April the following year, and you get until January of the next year to submit your return once the year ends. All in all, once everything wraps up at the start of April, you have nine months to file your return and submit it to HMRC online.

Business expenses can be complex, but keeping accurate records will help you expand your business and invest in the right tools and services. When you submit your tax return, you’ll also submit a total of your business expenses, which is then subtracted from your final income total to calculate your “taxable profit.”

The kind of thing that you can claim for varies depending on your industry, so look it up on gov.uk for a current list of allowable expenses. It covers logical things like stationery, travel and marketing costs. It’s worth keeping records of all your outgoing expenses just in case you can claim them back at the end of the year.

**Invoice checklist**

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<td>You/your company name, address and contact details</td>
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<tr>
<td>The receiver’s name and address</td>
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<tr>
<td>Description of work undertaken</td>
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<tr>
<td>Your Unique Tax Reference number</td>
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<tr>
<td>The date the goods or services were provided</td>
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<td>The date of the invoice</td>
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<tr>
<td>The total amount being charged</td>
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<tr>
<td>If applicable, your VAT number and total VAT due</td>
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What do I do if my clients don’t pay me on time?

Try to resolve it amicably if you can, even if you’ve had a disagreement. If you have a late payment clause in your contract, refer to that. If it looks like the client has no intention of paying you, your clause can back you up in small claims court or with a debt collection service. However, most of the time when threatened by this, clients will settle an invoice. If the company is being liquidated, get in touch with the liquidator as soon as you can (it will usually be a specialist legal or accounting firm). Let them know all the details about your work and make sure they’re aware of your outstanding invoice.

How should I keep records?

A traditional paper folder is a tried and tested method, but a scanner and an online storage service can save you some space and stress. Some freelancers also elect to use invoice and time tracking services which can provide convenient alerts when clients have paid, among other benefits.

You’ll need to keep these records for five years in case HMRC wants to inspect them.
How long should I keep client work for?

As long as has been set out in your contract. You never know when a client could come back to you to request changes, updates and revisions. If you’re struggling for storage space (both physically or digitally) then try photographing your work to keep a record for your portfolio, or using a cheap online solution to store older work.

How much tax should I put aside?

As a minimum, you should try to save 35% of every paycheque for your tax bill. However, you may want to bump this up to 40% to make sure you can cover your income tax bill, national insurance payments and student loan repayments comfortably.

Although HMRC can offer payment plans if you can’t afford the entire bill, it’s not a great idea to allow this to eat into your earnings over the next year. Smart freelancers save extra for their tax bill and use the surplus to go on holiday.

Should I join a union?

Unions can support you in disputes with companies and can offer you legal protection, training and other services. For more information about what a union can offer you, visit: [gov.uk/join-trade-union](https://www.gov.uk/join-trade-union) or [tuc.org.uk](https://www.tuc.org.uk)

Two of the most prominent media unions are BECTU and Equity:

- BECTU | [bectu.org](http://bectu.org) | 020 7346 0900
- EQUITY | [equity.org.uk](http://equity.org.uk) | 020 7379 6000

More information on industry bodies can be found at: [https://www.screenskills.com/education-training/freelance-toolkit/](https://www.screenskills.com/education-training/freelance-toolkit/)
Personal Branding
Personal branding has become much more important in recent years. While word of mouth may have got you this far, you’d be surprised how much work can be found by portraying yourself as a knowledgeable and trustworthy creative in your sector.

It’s not difficult to put together your own web presence and curate your social media accounts. Consistency and quality control will go a long way. Your presence online should reflect the person you’re selling to new clients.

When working in the creative industries, you have the option of trading under your own name or a brand name. This can depend on your sector, skills and level of personal confidence.

Log in to the ScreenSkills website and create a profile on the networking site, Hiive. Your portfolio can become your calling card to the industry.
There are several options to creatively diversify your income:

- Teach classes at a school or university
- Sell prints or merchandise
- Write articles for websites
- Apply for arts/business bursaries
- Sell licences or subscriptions to your work
- Speak at conferences
Your Own Space

Purchasing or renting your own office or studio space can be daunting, but if you require meeting space frequently, need somewhere to store your equipment or just work with enough other people, this could be the way to go. Some freelancers even come together to form cooperatives, sharing a workspace to save on costs.

If you have connections at a large company, you may be able to negotiate a desk in return for some work or a rental fee. The same goes for post-production facilities in TV and film. If you can find a personal connection rather than a company, it will be a lot more affordable.

Networking

Creative industry networking events range from after-work pub meets to enormous events like the Edinburgh International TV Festival. As so much of your work will be from personal recommendations and word-of-mouth, making a presence at these types of events is strongly recommended for new freelancers.

Make sure you have enough business cards. You’d be surprised at how many people will end up writing their number on a napkin. Don’t be one of them.

Co-working

Co-working spaces are getting more and more popular in larger cities: a subscription fee gets you access to an office in a central location with basic facilities like printing, meeting rooms, wi-fi and coffee. If you work from home most days, it can be a great way to meet up with other freelancers and get a change of scenery. It can also help your focus without the distractions of your home, as well as offering a classy place to meet clients.

However, you need to take into account the travel time, membership fee and additional costs for premium services. Finding one that suits your working style is key.
When you’re employed, you can take a sick day to see a doctor. Trips might even be available under an employer-sponsored healthcare plan. Holidays are readily available with time off for family events and religious celebrations, too. However, when you’re a freelancer, you don’t have that luxury. Taking care of yourself becomes a priority.

We’re lucky in the UK to have free healthcare from the NHS, but dentistry, optometry and other specialist services can cost. Be sure to factor these into your personal budget if you’re coping with a condition that needs regular treatment or prescriptions. If you’re travelling and working, it’s advisable that you check in with a local embassy for more information.

Many new freelancers lose track of time, or even days, while working hard on a project. This is a quick route to damaging your mental health. While everyone is different, boundaries that keep you focused and maintain your work-life balance are important:

- Set a traditional work schedule. You can always adjust the times later to suit your own habits, if you like to work earlier in the mornings or later at night.
- Turn off email alerts when you’re not “at work”.
- Manage your time between clients, friends and family. All three need attention.
- If possible, separate your workspace and living space. This will help you focus.

When you’re sick, you may find it difficult to take time out to see a doctor. It can feel as
though every day that you’re not working you’re losing money, and it’s all too easy to cancel a dentist check-up to go see an interesting new client. However, your health should always take priority where possible. Not only will your clients understand, but there are always more clients out there.

Some people like to print off motivational posters emblazoned with their mantras, while some just like to write “GO TO BED” on a post-it note stuck to their screen. Whatever works for you is the method you need to maintain.

Freelancers don’t have anyone else to back them up on a big job, so consider building a support network. A group of like-minded creatives is much more formidable than any one person, and the benefit of being able to pass jobs within your network is invaluable. If you can’t take on a job, sending it on to another creative who can later pay back the favour is a great way to stay busy.

When you decide to go freelance, your reputation becomes much more important. Word-of-mouth is one of the most valuable ways to get hold of new clients. Your experience and portfolio will play a big part in securing work, but your personality, communication skills and even a sense of humour are key.

Try to manage your communications with clients, stay professional where you can and feel free to chat to your clients outside your projects. If a client wants to know how possible it is to do some work with VR, put on a show at Edinburgh Fringe or develop an app, give them some advice. It doesn’t take long, and cements your standing as a knowledgeable professional in your field, whatever that field is.

“Saying ‘yes’ to everything can have an impact on your health.”

Emma, animator
Most freelancers take less time off than employees, and are rarely eligible for any kind of company benefits. It’s important to familiarise yourself with the government’s financial offering to those between jobs and out of work, as well as tax credits and benefits that you could be eligible for.

As work can slow down in the creative industries, particularly around winter, it’s important to have an emergency fund to cover you. Three to six months of living expenses is a safe bet, stored in a liquid fund that you can access at short notice (so a pension doesn’t count). While you’re out of work, personal development, working on your portfolio or diversifying your income are all great ways to spend your downtime.

If you are going through a lean period, you may also be eligible for state benefits such as Universal Credit or Council Tax Benefit.

Mortgages will always be complicated for freelancers with no long-term work contract. However, there are specialist brokers that can deal with this for you. When you decide to become a freelancer, you’re not signing away your right to future home ownership.
Freelance Life
Getting Started

Before you start, there are a handful of precautions that new freelancers might want to take. If you think you’re ready, check this list to make sure there’s nothing you’ve overlooked.

Depending on your industry, specialism and level of experience, you can define your own rules. The only thing to remember is that you can always turn down a project, no matter your reasons. A simple “I’m fully booked at the moment” can go a long way.

Don’t take a job if you don’t get along with the client. If you can’t gel, it’s going to be difficult to produce great work together.

Don’t start a new project if the client hasn’t paid their last invoice.

Negotiate if the client has unrealistic expectations. Make sure that no one’s under the illusion that you’ll be faster or cheaper than you’ve set out in your original proposal.

Don’t overload yourself with work. It’s better to do a small number of projects with full energy and a clear head, than a large number of projects with little attention. You run the risk of losing clients if you can’t give them sufficient care. Say yes to the good stuff and make great things.

How We Can Help

live is ScreenSkills’ online professional network for the creative industries. We encourage freelancers to create a profile that can serve to display your availability and skills, and collate all your work from across different sites.

It’s free to use and will grow with your business. If you eventually want to hire staff or apprentices and interns, ScreenSkills can help there too. There are live creative briefs and opportunities, as well as job vacancies and industry event listings. If you need somewhere to host your portfolio, sign up for your account at screenskills.com

ScreenSkills also offers a range of funding or placement opportunities for freelance professionals to contribute towards the cost of training and professional development. The funding is targeted to address skills priorities identified in the industries. Find out more about the funding schemes that are currently available on the ScreenSkills website.

ScreenSkills also hosts industry-accredited training materials, which cover different sectors and specialisms. For more information, visit screenskills.com

“Be realistic about what you can handle. Recognise that you can take time off.”

Coco, production assistant
ScreenSkills has funding opportunities for freelancers, and hosts training and educational resources.

gov.uk lists current information about tax and employment law, as well as current tax brackets.

gov.uk

screenskills.com
If you work in film and TV production there are special rules about income tax that apply exclusively to this kind of work. Often, your production role will determine whether you are eligible to be self-employed, or if you must be paid under PAYE for a fixed-term contract.

Self-employed

In the film and TV industry this is sometimes referred to as "Schedule D". HMRC will only permit you to be self-employed if your job role appears in their "Film, Television and Production Industry Guidance Notes". So, while camera operators, grips and stylists are permitted to be self-employed, runners are not. You can get your own copy of the latest publication of this list from HMRC.

The permitted roles are primarily heads of department or those who provide their own specialist equipment. Self-employed workers in film and TV still have to pay tax and national insurance and can offset purchases against their income just as other self-employed workers can.

Fixed-term employees

If your job is not listed in the "Film, Television and Production Industry Guidance Notes", your employer must pay you via PAYE and deduct national insurance and tax on your behalf. You are not required to invoice, unless your employment falls under the Seven-Day Rule.
Seven-Day Rule

If you are a fixed term employee and engaged to work for under seven days, it is common for employers to not deduct tax and national insurance on your paycheque. This is to simplify the filing process for workers that take on lots of short-term engagements with different employers.

Lorimer letter

Sometimes referred to as an “LP10 Letter” or “Letter of Authority”. If you are a freelance worker, not a head of department or supplying specialist equipment and work for many companies simultaneously, you may be eligible for a letter from HMRC that grants you eligibility to be self-employed. Its name comes from a TV vision mixer, Ian Lorimer, who won a court case to prove his work should be classed as self employed.

Contact information

For more information about tax and self-employment in film and TV, you can contact The Film & TV Production Unit.

The Film & TV Production Unit  
HM Revenue & Customs  
Floor 2, Weardale House  
Washington  
Tyne and Wear  
NE37 1LW
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