Timely Payments in income tax Self-Assessment: Bectu response

Bectu response to Timely Payments in income tax Self-Assessment consultation • July 2026

The creative industries are characterised by highly atypical patterns of work and income. Freelancing, short-term contracts, project-based employment and multiple concurrent income streams are commonplace across film, television, broadcasting, theatre, live events and other creative sectors.

Workers frequently move between PAYE employment, self-employment, limited company arrangements and periods without work, often several times within a single year. Evidence from Bectu's 2025 Big Survey found almost half of respondents identified as freelancers, while many others worked on fixed-term or irregular contracts. Freelancing itself is not a defined category, but a way of working in which workers typically move between short term contracts and may move between work and tax statuses.

Because of this project-based way of working, job insecurity is widespread, with only one in five creative workers reporting that they feel secure in their work, and this falls to just 13% among freelancers.

Earnings in the creative industries are often unpredictable and unevenly distributed throughout the year. Periods of intensive work can be followed by weeks or months without income, and many workers experience significant delays in receiving payment for completed work. Bectu's research found that 66% of creative workers are currently struggling financially, 31% of freelancers have no savings, and more than a third have experienced cashflow difficulties as a result of late payments. The "feast or famine" nature of creative work means that historic earnings are often a poor guide to future income.

For these reasons, any move towards more timely payment of Income Tax Self-Assessment must be designed with flexibility at its core. Reforms should recognise income volatility, protect workers from hardship during periods without work, allow forecasts to be updated easily when circumstances change, and provide taxpayers with meaningful choice over how payments are made. A system designed around stable and predictable employment patterns risks creating unintended consequences for the large numbers of workers whose careers depend upon irregular, project-based and freelance employment.

ITSA payments through PAYE

- **Question 1: What are the benefits of the proposed approach, or are there alternative suggestions that would achieve the same policy objective?**
- **Question 2: What are the challenges of the proposed approach, or are there alternative suggestions that would achieve the same policy objective?**
- **Question 3: Should the government use, or give the option to use, anything else (for example, MTD quarterly updates and in the future, reputable third-party data) to inform the forecasting approach for this change?**
- **Question 4: What other safeguards should the government consider?**

- **Question 5: Which groups of taxpayers would find a different threshold helpful?**
- **Question 6: Do employers and other payroll operators need additional safeguards for these changes?**
- **Question 7: What support or guidance might employers benefit from?**
- **Question 8: Are there other impacts for payroll operators that the government should consider?**
- **Question 9: What options should the government consider to support taxpayers who might move in and out of paying their ITSA liabilities via PAYE?**

We understand the government's objective of helping taxpayers manage their tax liabilities more effectively, reducing "bill shock" and lowering the risk of tax debt. For workers with stable earnings, more regular payment of tax throughout the year may support budgeting and reduce the challenge of meeting large Self-Assessment payments many months after income has been earned.

However, for many workers in the creative industries, the proposed approach raises significant concerns. Work for many Bectu members is characterised by irregular employment patterns, fluctuating incomes and complex working arrangements that do not fit neatly into traditional distinctions between employment and self-employment. Creative workers frequently move between PAYE employment, sole trader status, limited company arrangements and periods without work, sometimes several times within a single tax year. Many workers who describe themselves as freelancers may in fact undertake a combination of PAYE and self-employed work, often through a succession of short-term engagements.

This complexity is particularly important in the context of the proposed reforms. Many Bectu members may move in and out of the category of having "sufficient PAYE income" over the course of a year depending on whether they are in work, between contracts, or undertaking self-employed engagements. Eligibility and payment arrangements should therefore not be based on assumptions of continuous or stable employment. Workers should be able to move seamlessly between PAYE collection and alternative payment arrangements without incurring additional complexity, overpayments or financial hardship.

The evidence repeatedly points to a "feast or famine" pattern of employment characterised by periods of intensive work followed by prolonged gaps between contracts. In the screen industries, following the post-pandemic slowdown in commissioning, industrial disputes in the US and wider market uncertainty, large numbers of film and television workers experienced substantial reductions in income and prolonged periods out of work.

Bectu's 2025 survey found that 43% of screen industry workers were not currently working, while only 16% reported that their employment had fully recovered following the disruption of recent years. Many workers who would historically have been considered relatively high earners found themselves facing lengthy periods with little or no income. This illustrates how quickly earnings can change in the creative industries, and why historic tax returns may not provide an accurate basis for forecasting future liabilities.

While MTD data may be useful in informing forecasts where taxpayers choose to use it, creative workers often experience rapid changes in income and working patterns that may not be fully captured through historic or automated data sources alone. Taxpayers and their agents should therefore retain the ability to update and challenge forecasts throughout the year.

The timing of taxable income and the receipt of income can also differ significantly in the creative industries. Bectu's 2025 survey found that fewer than half of freelancers are always paid on time, while more than a third reported that late payment had caused cashflow difficulties or pushed them into debt. Any move towards more timely tax payment should recognise that workers may be expected to pay tax on income they have not yet received.

Workers may experience sudden periods of unemployment, cancelled projects, delayed commissioning decisions or significant changes in working patterns. As a result, a system that relies heavily on historic earnings data risks overestimating liabilities and placing additional pressure on workers' finances. This is particularly concerning given that in Bectu’s 2025 survey, 66% of creative workers report struggling financially and many have limited, or no savings to absorb unexpected deductions. In the same survey, 31% of freelance workers reporting having no savings to fall back on.

For this reason, robust safeguards will be essential. Bectu believes particular consideration should be given to workers with highly variable earnings patterns, including creative freelancers, PAYE freelancers, workers combining employment and self-employment, and those experiencing periods of unemployment between contracts. These groups may require stronger protections against excessive deductions through PAYE than workers in continuous employment. Workers should be able to reduce or pause forecast payments where earnings fall unexpectedly and should not be penalised where reasonable forecasts subsequently prove inaccurate.

The government should also consider the implications for employers and payroll operators in sectors characterised by short-term, project-based employment. 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.

Potential reform of Payments on Account

- **Question 10: What potential approach, including frequency of payments, would be most appropriate to achieve the policy objective, taking account of different taxpayer circumstances?**
- **Question 11: What could the impact of more frequent payments be on taxpayers?**
- **Question 12: If these changes were introduced, what additional measures could the government consider to support taxpayers when their Self Assessment income changes during the year?**
- **Question 13: How else might the government support taxpayers to manage more regular payments?**
- **Question 14: Which groups of taxpayers might require additional support to access or use payment management tools?**

More frequent payments may help some taxpayers budget and avoid the accumulation of large liabilities. However, they may also create difficulties for workers experiencing irregular income patterns. Bectu's research shows that financial resilience is already limited across much of the creative workforce, with substantial numbers struggling financially and many freelancers lacking savings. Where income is unevenly distributed through the year, more frequent payments could place additional strain on cashflow unless sufficient flexibility is built into the system.

A key principle should be that taxpayers are able to respond quickly to changes in circumstances. Where contracts are cancelled, work becomes unavailable, projects are delayed or income falls unexpectedly, taxpayers should be able to amend forecasts, reduce payments or access temporary payment holidays without facing unnecessary administrative barriers or penalties. The system should be designed to reflect the reality that significant changes in income can occur rapidly in freelance sectors.

Government should consider practical support that helps taxpayers manage more regular payments. This could include clear forecasting tools, personalised guidance, advance notifications of expected liabilities and simple digital services that allow taxpayers and agents to view and amend forecast information. Particular care should be given to groups who may face additional barriers in using payment management tools. This may include workers with fluctuating incomes, those with limited digital confidence, disabled workers, older freelancers and those who rely on a combination of PAYE and self-employed income streams. Support should be available through multiple channels and should not rely exclusively on digital self-service systems.

Issues affecting both taxpayers with and without PAYE income

- **Question 15: How might the government best support taxpayers to manage the transitional period?**
- **Question 16: Would the option to make voluntary pre-payments, ahead of implementation, be helpful?**
- **Question 17: If changes were made, what transition period would be most appropriate?**
- **Question 18: What other support would help ITSA taxpayers during the transition period?**
- **Question 19: How might the government best support new or returning taxpayers to make timely payments, when they start earning ITSA income?**
- **Question 20: How might estimating appropriate liability for new or returning ITSA taxpayers be achieved?**
- **Question 21: What could be the impact of reducing the POA threshold, or are there alternative ways to support taxpayers below the current threshold to achieve the timely payment objectives?**
- **Question 22: In what circumstances could the government consider offering taxpayers with PAYE and ITSA income the choice between making ITSA payments through PAYE, or direct ITSA POAs, such as via Direct Debit?**
- **Question 23: What would agents find useful to enable them to carry out their role effectively under the announced changes or possible reforms?**
- **Question 24: What support or guidance might be most effective for taxpayers with particular challenges and needs?**
- **Question 25: What extra support or guidance might taxpayers who qualify for financial support from the government (such as Universal Credit) need?**
- **Question 26: What support or guidance might be most effective for tax agents?**
- **Question 27: Are there are any additional comments you would like to make regarding the 'timely payments in ITSA' announced changes and possible reforms?**

Care will be needed to ensure that taxpayers do not face a situation where they are required to meet liabilities arising under the current system while simultaneously making payments under the new system. For workers on irregular incomes, this could create considerable cashflow pressures.

Given the scale of the changes being proposed, particularly alongside the introduction of Making Tax Digital for Income Tax, a gradual implementation period is likely to be more effective than a rapid transition.

The government should also consider the additional administrative burden that more frequent reporting and payment obligations may place on taxpayers with irregular working patterns. Creative workers often experience prolonged periods of intensive work, with long hours and limited time to manage administrative requirements. Where reporting or payment deadlines coincide with these periods of peak workload, there is a risk that taxpayers may inadvertently miss deadlines, creating additional stress and potentially resulting in penalties.

This concern is particularly relevant in the context of wider tax administration reforms, including Making Tax Digital for Income Tax, and highlights the importance of proportionate penalty regimes, clear communications and sufficient flexibility for taxpayers with atypical working patterns.

Government should provide a phased and well-communicated transition, including appropriate easements during the initial period, supported by clear guidance, accessible tools and sufficient lead-in time for taxpayers, agents and employers to adapt.

Voluntary pre-payment options may be useful for some taxpayers who wish to spread costs further in advance, but they should remain entirely optional and should not disadvantage those unable to participate.

Many creative workers move in and out of Self-Assessment throughout their careers and may have limited certainty about future earnings when beginning a new freelance engagement or business activity. In these circumstances, liability estimates should be based on taxpayer-provided information and reviewed regularly, rather than relying on assumptions which may quickly become outdated. Taxpayers and agents should be able to amend estimates easily where circumstances change.

We would urge government to exercise caution before reducing the Payments on Account threshold. Lower-income taxpayers are often those least able to absorb additional financial pressures and are more likely to experience irregular income patterns.

Additional care will also be needed for taxpayers who receive means-tested benefits, including Universal Credit, as changes to the timing of tax payments may have implications for budgeting, income management and interactions with the benefits system.

We would strongly support maintaining flexibility and taxpayer choice. Given the diversity of working arrangements across the creative industries, including workers who combine PAYE and Self-Assessment income, there may be circumstances where direct Payments on Account or Direct Debit arrangements are more suitable than PAYE deductions. Taxpayers should therefore be able to choose the payment mechanism that best reflects their circumstances where this can be accommodated