



# Lorimer Letter

## Your tool for reclaiming National Insurance

As a Film & TV freelancer who has undertaken a short-term engagement, you may have found that income tax and Class 1 National Insurance Contributions (NIC) were deducted by the production company when they paid you. This is because the company treated you as an employee rather than self-employed. This can be a problem. By being treated as an employee, you lose the benefit of being able to claim certain expenses against your income to reduce your overall tax liability. While income tax will always be taken into account when filing Self Assessment tax returns, the correct way to reclaim NIC is often overlooked.

### Are you affected?

If you're in one of the Film & TV grades listed by HM Revenue & Customs (HMRC) as truly self-employed, you will always receive your income paid gross i.e. with no income tax or NIC deducted. If you're not in an approved grade, you can prevent National Insurance being deducted using a Lorimer Letter (named after the famous court case).

You can apply for a Lorimer Letter from HMRC. It's a straightforward process, as long as you have the right information to support your application.

### What will HMRC be looking for?

Broadly speaking, HMRC will look for evidence of two things. First, you'll have to show that you have sufficient short or daily contracts to qualify. Ideally, this should amount to at least twenty-five Film & TV assignments, of 7 days or less, over the past twelve months.

Second, HMRC will want to see evidence that you're running a business, with the associated risks. HMRC will then send you a questionnaire asking a number of questions. If enough of your answers clearly demonstrate that you are running a business, you will qualify for a Lorimer Letter.

Once the letter has been obtained, it can then be presented to production companies to ensure that all future jobs, lasting 7 days or less, are paid without the deduction of Income Tax or NIC. The letter covers a period of three years and will need to be renewed with a separate application.

### How we can help

Our Media team have over 40 years' experience working with individuals and companies in the Film & TV industry. We're swift, sensible and dedicated to making sure our clients pay the right amount of tax.

If you want to discuss your employment status and the possibility of applying for a Lorimer Letter, we'd be pleased to advise you.



For more information about how we can help you, please contact Steven Hocking-Robinson.

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