

Welfare Benefit Support for self-employed workers during COVID-19 emergency

New Style ESA (NSESAs) for self-employed workers who can't work due to sickness

Self-employed workers cannot receive Statutory Sick Pay. You can instead claim NSESAs for periods of sickness provided you meet the NI contribution conditions. Claiming NSESAs in these circumstances is equivalent to claiming SSP. Initially the rate of NSESAs is lower than SSP and remains lower if you are assessed to have only Limited Capability Work (LCW) and not Limited Capability for Work Related Activity (LCWRA). It will be higher than SSP if you are assessed to have LCWRA. There are normally 7 waiting days for NSESAs. New regulations issued during the current COVID-19 emergency have removed the waiting days for NSESAs from 13 March 2020 if you are unable to work for any of the following reasons:

- a) Infected or contaminated by COVID-19
- b) Isolating to prevent infection or contamination with Coronavirus disease;
- c) Caring for a child or qualifying young person who is a member of a household where someone is infected or isolating as in a) or b)

If you are a self-employed worker and have had multiple periods of sickness in the same benefit year, NSESAs can be claimed each time on the basis of the same tax years. If you are refused NSESAs because of insufficient national insurance seek advice, see below.

Is there anything else I can claim if I don't have enough National Insurance, or need more money?

You may be entitled to Universal Credit (UC). Your savings will have to be under £16,000. Savings do not include business assets. When you make a claim for Universal Credit any existing Tax Credit award (both or either Child Tax Credit and Working Tax Credit) will end and you will not be able to make a new Tax Credit claim. Most Universal Credit claims are made online at <https://www.gov.uk/universal-credit/how-to-claim>. If you are a couple then you both need to claim (unless your partner is not entitled to make a claim). At the moment most Jobcentre Plus offices are carrying out remote identity verification for new UC claimants. The amount you receive will depend upon your circumstances; for example, do you have children, do you have savings over £6,000, do you rent? Once your claim has been verified you can ask for an advance of your UC payment if you need to, otherwise it will be 5 weeks before it is paid. If you have been self-employed for more than 12 months then UC usually applies a minimum income floor (MIF) which could presume you have more profit than you are actually earning, and results in a lower award.

The government has introduced legislation to allow the MIF to be reduced where it appears expedient as a consequence of the outbreak of coronavirus disease to do so. The MIF can be reduced to any amount

including zero from 30 March 2020. Before this date the requirements of the minimum income floor in Universal Credit were temporarily relaxed for those directly affected by COVID-19 or self-isolating according to government advice.

How do I claim UC when I am unable to attend a Jobcentre Plus office?

You can make a claim online using the link above. If you are currently affected by coronavirus or are self-isolating you should not be required to attend the Jobcentre Plus office in person. If you need to make an appointment, call the number you are given when you submit your claim. You should be supported if you are required to stay at home. You should be able to get an advance payment without having to attend the Jobcentre.

How do I obtain a medical note when the advice is to stay away from surgeries and hospitals?

For anyone affected by the coronavirus, who is self-isolating or caring for a child or teenager in full time education who is affected by the coronavirus, the government has relaxed the rules on providing medical evidence. From 13th March 2020 the government has said that people in these circumstances who claim ESA or UC are to be treated as having limited capability for work without the requirement to provide any medical evidence, such as a GP certificate, nor will they have to undergo a work capability assessment.

What if I am not sick or in isolation, but my self-employment has dried up?

Government Self-Employment Income Support Scheme

This scheme will allow you to claim a taxable grant worth 80% of your trading profits up to a maximum of £2,500 per month for the next 3 months. This may be extended by the Government if needed. You can apply if you're a self-employed individual or a member of a partnership and you:

- have submitted your Income Tax Self-Assessment tax return for the tax year 2018-19
- traded in the tax year 2019-20
- are trading when you apply, or would be except for COVID-19
- intend to continue to trade in the tax year 2020-21
- have lost trading/partnership trading profits due to COVID-19

You do not need to have stopped all self-employed work to be eligible.

Your self-employed trading profits must also be less than £50,000 and more than half of your income come from self-employment. One of the following conditions must be met:

- having trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of your total taxable income or
- having average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period

If you started trading in the period 2016-19, HMRC will only use those years for which you filed a Self-Assessment tax return. You must have submitted your 2018/19 Self-Assessment tax return by the 23 April 2020. You'll get a taxable grant which will be 80% of the average profits from the tax years (where applicable):

- 2016 to 2017
- 2017 to 2018
- 2018 to 2019

To work out the average HMRC will add together the total trading profit for the 3 tax years (where applicable) then divide by 3 (where applicable), and use this to calculate a monthly amount. It will be up to a maximum of £2,500 per month for 3 months. The grant is paid directly into your bank account, in one instalment.

HMRC will contact self-employed workers directly if they are entitled to apply to the scheme. If you do qualify you will be invited to apply online and will be paid in June 2020.

Help for the self-employed announced also includes a 6-month deferral of self-assessment payments on account due on 31 July. These now need to be paid by 31 January 2021.

If you need financial help before the grants are paid, you may be able to get an increase in your existing means tested benefits or be eligible to claim Universal Credit. The grant will be treated as earnings in the Universal Credit calculation in the Assessment Period in which it is paid. This may result in no award of UC in that Assessment Period (AP). It may also affect payment in one or more subsequent APs. You should not, however, be worse off overall as a result of claiming the grant, and making a claim now for Universal Credit will give you access to more immediate financial help.

What other financial support is there if my self-employment has dried up?

If your income has dried up you can claim Universal Credit if your savings are less than £16,000 and you have a right to reside in the UK. If you are already claiming means tested benefits (this includes Tax Credits for which there is no £16000 capital limit) you may be better off staying on these benefits. You should inform the DWP or HMRC of the change in your circumstances. Online calculators are available to enable you to work out if you are better off staying on legacy benefits or claiming Universal Credit. **If you have savings of more than £16000 do not claim Universal Credit as the claim will fail and your Tax Credits will also have ended permanently.**

If staying on existing benefits is not the best thing for your household, a UC claim can be made online at <https://www.gov.uk/universal-credit/how-to-claim>. If you are a couple then you both need to claim. This is unless your partner is not entitled to make a claim which is usually because of their immigration status. At the moment most Jobcentre Plus offices are carrying out remote verification for new UC claimants. The amount you receive will depend upon your circumstances: for example, do you have children, do you have savings over £6,000, do you rent? Once your claim has been verified, you can ask for an advance of your UC payment if you need to. Otherwise it will be 5 weeks before it is paid. You will be expected by UC to be a jobseeker. The Jobcentre Plus office will tell you what they expect you to do during this time. The usual fortnightly “signing-on” in person for jobseekers is now being done remotely and any interviews are being conducted by phone.

The government has introduced legislation that means that a work-search requirement or a requirement to take up work immediately cannot be imposed on UC claimants at this time. This relaxation is in place for 3 months from the 30th of March 2020 but can be extended if it is considered to be necessary. You will still need to sign a claimant commitment that may, on the face of it, appear to include a work-search requirement. If you are a couple then you both need to claim and you will each have your own individual claimant commitment.

The relaxation of the Minimum Income Floor (MIF) should mean that if your self-employed earnings have reduced or temporarily ended but you are still “gainfully employed” then instead of claiming UC as a jobseeker you would be claiming as a self-employed person on a low income. If you are claiming online you will have to enter current basic profit and loss figures monthly.

If the MIF applied is unreasonable in your specific circumstances or you are being required to look for work you should seek advice.

What should I do if I am receiving Tax Credits and my self-employment has dried up?

The options in this situation will depend on whether or not you have savings over £16,000. If you have savings of more than £16,000 you are not eligible for Universal Credit. If you make a UC claim, your existing Tax Credit award (both or either Child Tax Credit and Working Tax Credit) will end and you will not be able to make a new claim. If you have no savings, or savings that are less than £16,000 you may be entitled to Universal Credit. There are online calculators that allow you to work out whether in your particular circumstances you are better off staying with your existing benefits or making a new claim for Universal Credit. These are listed at the end of this information.

The savings that are included in the £16,000 are extensive and may include capital in property that is not the home you live in or in some cases, savings you cannot immediately access. If in doubt check with an advice organisation such as Citizens Advice.

If you have business assets as a self-employed person these are normally ignored for Universal Credit provided they are wholly or mainly for the purposes of a trade, profession or vocation. This disregard currently applies while you are carrying on the self-employed business and through periods of incapacity

of up to 6 months. It also continues for 6 months if you stop self-employment and are taking reasonable steps to dispose of the assets. It is possible that there will be further relaxations to take the current situation into account. The DWP should not count as savings, money put aside for paying self-employed tax bills. It is important that, where this is the case, you make it clear to the DWP that you hold this money for that specific purpose.

If you are currently receiving Working Tax Credit but your hours have dropped below those required for eligibility then, at the moment, it is the existing rules that apply. Your normal working hours are not strictly defined and there is some flexibility to look at hours worked over a cycle. In these unprecedented times it will be difficult to assess normal working hours. It is understood that the government will continue WTC entitlement for workers who are still employed i.e. still have an employment contract. This has not yet been confirmed. There has been no equivalent statement about self-employed hours, but things continue to change quickly and there may be additional announcements. If work stops altogether there is a four-week run-on, although we understand that the HMRC Tax Credits line has a message stating that reduction in hours does not have to be reported until week 8. The normal advice to keep HMRC informed of all changes that may affect entitlement including to childcare costs and reduction in working hours apply for the moment. Changes must be notified within one month of the change happening.

Tax credits are generally based on the claimant's income in the previous tax year. Only if earnings in the current tax year have decreased or are expected to decrease (or increase) by more than £2,500 is a new calculation made. We are now in the new tax year so a recalculation may be possible if you expect your income to drop significantly in this tax year. If you were previously receiving only Child Tax Credit and were working full-time you may be entitled to Working Tax Credit in addition to Child Tax Credit. The weekly full-time working hours are: 16 hours for single parents, disabled workers, and workers aged 60 and over; 24 hours for couples with children; and 30 hours for all other claimants who are 25 or over.

The government has announced that from 6th April 2020 for 1 year, the way Working Tax Credits are calculated will include an additional £20 per week. There has been a corresponding increase in the earnings disregard for Housing Benefit.

How can I meet my housing costs including rent?

Existing Housing Benefit claimants should inform the local authority of any decrease in income. For self-employed claimants the local authority will usually look at the previous year's trading accounts. In the current climate this may not be the most appropriate period over which to assess your earnings. If your income has dropped it is recommended that you let the local authority know. Your current level of earnings may be far more representative of your situation than last year's trading accounts.

Even if you have an existing award of Housing Benefit you may want to use an online benefit calculator to check that remaining on your existing benefits is the best option for your household. See end of article for benefit calculator suggestions.

If you are not already receiving Housing Benefit, or decide that you would be better off if you make a claim for UC, then UC may help with your housing costs if you are renting your home. **In most circumstances you can no longer make a new claim for Housing Benefit.** The Government's intention is that no renter who

has lost income due to coronavirus will be forced out of their home. The Government intends to introduce emergency legislation to ensure this. Social and private landlords will not be able to start proceedings to evict tenants for at least three months. At the end of this three month period landlords and tenants will be expected to work together to reach agreement on an affordable repayment plan.

If you have a mortgage, it would be wise to contact your mortgage provider and explain your circumstances. The government is encouraging mortgage companies to offer mortgage holidays (a temporary suspension of mortgage payments) to people whose income is affected by coronavirus.

I am claiming income-related ESA and am no longer able to do my permitted self-employed work

If you are receiving ESA and doing permitted self-employed work you are likely to be worse off if your permitted work ends. You may need to inform the DWP of the change in your circumstances but as all income from permitted work is ignored for calculating both ESA and Housing Benefit it will not change the ESA or Housing Benefit award you are receiving. A claim for Universal Credit is unlikely to provide you with more income and, if made, will end your ESA award, your Housing Benefit award if you have one, and any Child Tax Credit award that is in place. You can check that you are not better off receiving UC using one of the available online calculators. You should also consider seeking specific advice from an advice organisation such as Citizens Advice.

You may also be eligible to access the Government Self-Employment Income Support Scheme if you meet the eligibility criteria.

How can I pay my fuel bills?

Fuel companies are currently looking at ways to help people whose income is affected by the coronavirus outbreak. The best advice at the moment is, if you are struggling to pay your fuel bills, to get in touch with your provider and explain your situation. It is better to do this sooner than later. If possible, contact them by email or on-line chat. If you have a prepaid key meter, most companies are looking at ways to help by, for example, adding credit remotely or posting pre-loaded cards/keys to your home. Any help given now will have to be repaid at an affordable rate later on.

Is there any financial help for paying Council Tax?

If you are struggling to pay your Council Tax, you can make a claim for Council Tax Support from your Local Authority. This can usually be done online. Many Local Authority websites have online calculators to help you work out whether you will be entitled to the benefit. Also check whether you are due any discounts on your Council Tax liability, for example if you are the only person living in your property you should have a 25% discount on your bill. Local authorities have the power to give discretionary reductions on the basis of individual financial hardship.

The government has issued guidance on how to support vulnerable people using additional funding they announced on 11 March 2020. The expectation is that billing authorities will use their powers for additional

discretionary reductions to provide all working age Council Tax Support (CTS) recipients with a further reduction of £150 in their 2020/21 council tax bill. For any claimant whose liability is currently £150 or less this should mean their liability is reduced to nil. There should be no need for a person receiving CTS to make a separate claim for a reduction under this scheme. Eligibility for further discounts should be granted regardless of whether or not the recipients are indirectly or directly affected by the COVID-19 virus.

Your local council may be working on a specific scheme as a result of the current situation. However, if you do not meet the criteria for an existing council tax reduction scheme but are in hardship as a result of current circumstances, your local council can look at your request for a discount based on your individual circumstances in addition to looking at entitlement under an existing scheme.

Where to get further advice

<https://www.citizensadvice.org.uk/>

For online advice and details of local phone and webchat services

<https://www.understandinguniversalcredit.gov.uk/coronavirus/>

Government information pages

<https://www.entitledto.co.uk/> Online benefit calculator

<https://benefits-calculator.turn2us.org.uk/AboutYou> Online benefit calculator

This information is correct on 29 April 2020. When there are further announcements we will update this page.