

## Support for self-employed workers during COVID-19 emergency

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

Self-employed workers cannot receive Statutory Sick Pay. You can instead claim NSESA for periods of sickness provided you meet the NI contribution conditions. Claiming NSESA in these circumstances is equivalent to claiming SSP. Initially the rate of NSESA 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 NSESA. New regulations issued during the current COVID-19 emergency have removed the waiting days for NSESA and removed the requirement to provide a fit note 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)
- d) Have received a letter from the NHS telling you to remain at home for 12 weeks (Shielding)

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

At the current time, you will not be expected to attend a face to face medical if you claim NSESA.

### 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. Tell your work coach if you are staying at home due to Coronavirus or cannot work due to it. This is done using your online journal. 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. You will not be required to attend the Jobcentre Plus office. You will need to be available to take phone calls from your work coach. You should ask your work coach if you need an Advance Payment. Put the request on your online UC journal.

## 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, shielding 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 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 allows you to claim a taxable grant worth 80% of your trading profits for a three month period. It is paid out in a single instalment and capped at £7,500 altogether. **The deadline to apply for this first SEISS grant is 13 July 2020.** Although the scheme is temporary, the Government has announced a further SEISS grant payment in August for those who qualify. The grant will be lower and details on how to apply will be announced shortly. You do not have to have received the first grant to claim the second. The criteria for applying remain the same.

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 by 23rd April 2020
- traded in the tax year 2019-2020
- intend to continue to trade in the tax year 2020-21
- Your trade has been adversely affected by coronavirus - for example you have no work to do, there has been a reduction in what you can do, you have been told to shield, have caring responsibilities, are ill with coronavirus.

You can continue to trade or do other work if you make a claim. The grant is taxable income for benefit and tax purposes.

HMRC will first look at your self-employed trading profits in 2018/19 to see if they are less than £50,000 and at least equal to your non-trading income. If you are not eligible based on your trading profits in 2018/19, they will go back and look at your trading profits for each of the tax years 2016/17, 2017/18 and 2018/19 and calculate an average for the years when you have been self-employed. Further information on how they will do this is shown on their website:

<https://www.gov.uk/guidance/how-hmrc-works-out-total-income-and-trading-profits-for-the-self-employment-income-support-scheme>

You can check if you are eligible online and HMRC will tell you the date to make your claim.

<https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme#check>

You'll need your:

- Self Assessment Unique Taxpayer Reference (UTR) number
- National Insurance number
- Government Gateway user ID and password
- UK bank details
- Confirm to HMRC that your business has been adversely affected by coronavirus.

You must make the claim yourself. Your tax adviser cannot do it for you. If you are told you are not eligible but you think you are, you can contact HMRC for an explanation.

The claim is made here:

<https://www.gov.uk/guidance/claim-a-grant-through-the-self-employment-income-support-scheme>

You can claim if you are a person subject to immigration control as this grant is not considered a "public fund"

You will receive payment into your bank account within 6 working days. You will get an email to confirm this. If you think that amount is wrong, you can check with your accountant and can ask HMRC to review the decision

The grant is income that will have to be declared on your tax self-assessment for 2020/21. It is also income for Universal Credit and for Tax Credits. It will be treated as income paid on the day that you receive it for benefits and tax credits. This could affect your benefits and tax credits going forward.

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.

## 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 suitable 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 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 usually 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 you are saving money to pay a future tax bill, 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, HMRC are saying that you will continue to be entitled to WTC until the end of the Job Retention Scheme for employees, even if you are not using the scheme yourself. You must continue to be self-employed for the revised rule to apply. You should keep HMRC informed of all other changes that may affect entitlement including to childcare costs. 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 6<sup>th</sup> April 2020 for 1 year, the way Working Tax Credits are calculated includes 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.

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. 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 also provided money to local authorities to enable them to give all working age Council Tax Support (CTS) recipients during 2020/21 a further reduction of £150 of their 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.

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 8 June 2020. When there are further announcements we will update this page.