

PM SELF-EMPLOYMENT SUPPORT DURING THE COVID-19 OUTBREAK

SELF-EMPLOYMENT SUPPORT

The government announced plans to help self-employed people through the health crisis on the same terms as those already agreed for employees. In summary, this means it will be open to those who get the majority of their earnings from self-employment and who filed a 2019 tax return.

- Eligible people will be contacted by HMRC, but due to the complexity of setting up yet another bespoke scheme to deliver funding, the cash payments will not be available until June.
- 95% of people who are majority self-employed will benefit from this scheme.
- Self-employed people will be eligible for grants of up to 80% of average profits, up to a total of £2.5k a month.

More details are online at <https://www.businesssupport.gov.uk/self-employment-income-support-scheme/>

- There are a variety of things you can do to help you with money between now and then:
- You can access business interruption loans interest free, info at <https://businesssupport.gov.uk>
- You can continue to trade and work for as long as that is possible.
- You can access universal credit where you could get up to £1800pcm depending on your circumstances.
- You will also not be asked to pay your self-assessment taxes until the end of the year.

For those businesses who employ people

Under the Coronavirus Job Retention Scheme, all UK employers will be able to access support to continue paying part of their employees' salaries for those employees that would otherwise have been laid off during the crisis. In summary:

- Any large or small employer can apply to put workers on temporary leave or "furloughed" status. The government will then pay them cash grants of 80 per cent of their wages up to a cap of £2,500, providing they keep the worker employed.
- They will receive the grant from HMRC. All UK organisations can self-certify that it has furloughed employees. The scheme will cover the cost of wages backdated to March 1. All UK-wide employers with a PAYE scheme will be eligible, including the public sector, local authorities and charities.
- The scheme will be open initially for at least 3 months. But the government will extend it for longer if necessary. There is no limit on the amount of funding available for the scheme.
- The government expect the first grants to be paid within weeks. HMRC are working night and day to get the scheme up and running and are aiming to get it done before the end of April. Existing systems are not set up to facilitate payments to employers.

FAQs

Do individuals still have to pay tax on this?

- Yes – individuals will pay Income Tax and National Insurance on any payments received through this scheme as they are replacement for income in line with normal practise for benefits or grants that replace income.

Will this cover the cost of employer National Insurance contributions and employer pension contributions?

- Yes – employers will be able to apply for a grant to cover the Employer National Insurance contributions and minimum automatic enrolment pension contributions on paying the lower of 80% of regular salary or £2,500 per month.



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How will this work for those on zero-hour/flexible contracts/agency workers?

- This scheme aims to support all those employed through the PAYE system regardless of their employment contract, including those on zero-hour contracts.
- Zero-hour and flexible contracts can cover a whole range of working arrangements.
- The 80% grant is applied to the higher of: (1) the earnings in the same pay period in the previous year; or (2) the average earnings in the whole previous 12 months (or fewer if they have worked for less time than this, including a part month calculation if they were taken in February).

Can a business furlough someone after hearing the announcement and then claim back to March 1st even though they had been working that whole time?

- No – the scheme is backdated to March 1st with a view to covering those who have already been made redundant as a result of the coronavirus.

What about employees taken on after March 1st?

- They are excluded from the scheme.

To qualify, does the business need to be 'essential'?

- No, all businesses which employ and pay workers through the PAYE system are eligible.

What about employees that have already been made redundant?

- The scheme will be back dated to March 1st with a view to covering those who have already been made redundant due to the Coronavirus outbreak.
- If firms re-employ staff made redundant after March 1st, they are eligible to then be furloughed and the employer would qualify for the grant.
- You can find out more about accessing the scheme at: <https://www.businesssupport.gov.uk/coronavirus-job-retention-scheme/>



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