



COVID-19 Income Protection For The Self-Employed

As expected, the Chancellor of the Exchequer has today unveiled a support package for self-employed workers who have been impacted by the Coronavirus pandemic.

As many readers will be aware, the design of this package has not been as straightforward as the Coronavirus Job Retention Scheme for employees, due to the fact that self-employment remuneration is recorded on an annual tax return, rather than the real-time reporting PAYE basis. The Chancellor was quick to reassure, in his speech, that the self-employed “have not been forgotten”.

In summary, the measures announced are as follows:

- a grant of up to £2,500 per month per self-employed person (expected to cover those who were trading as self-employed in the last financial year, continuing to be self-employed now and planning to continue to be self-employed) ;
- the grant value will be up to 80% of the self-employed person’s average profits for up to the last three years (where multiple years of accounts are available);
- the grants will be in place for three months and potentially extended if required;
- the grants will only be available to the self-employed with trading profits of up to £50,000 per year;
- the grant will only be available to those who receive the majority of their income through self-employment; and
- first payments under the grant are expected to be made in June 2020 and HMRC will directly contact those who are eligible.

The Chancellor also noted that self-employed people with outstanding tax returns for the year ended 5 April 2019 would still be eligible for the above grant, provided returns are filed in the next 4 weeks (these were originally due to be filed by 31 January 2020). In addition to the above, the self-employed may also be able to avail themselves of the other, previously announced, measures:

- universal credit;
- deferral of the income tax self-assessment payment on account due on 31 July 2020 to 31 January 2021;
- business interruption loans; and
- deferral of next quarterly VAT payment due until the end of the financial year.

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As with the other relief packages that have been recently announced, further detail will follow later. However, the above should give peace of mind to many off-payroll workers for now in this latest release of “unprecedented” measures.

Today, we also heard the first suggestion as to how The Chancellor plans to fund the Coronavirus reliefs, with an indication that National Insurance Contributions for the self-employed could be increased to match those taxed under PAYE in the future.

With regards to the wider relief measures announced by the government, readers should already have received our alert dated 23 March 2020 “COVID-19 Business Support Guide”, this alert is also available at www.rawlinson-hunter.com and will be updated and circulated weekly as new measures are announced and eligibility for relief is clarified.

Please contact your usual Rawlinson & Hunter adviser should you require further information or any assistance with the above, or any of those listed below.

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