**BUDGET 2020: measures for freelancers and self-employed**

**in response to COVID-19**

**Summary**

The Budget announces a £12 billion plan to provide support for public services, individuals and businesses.

The government will support businesses that experience increased costs or disruptions to their cashflow. This includes a Coronavirus Business Interruption Loan Scheme to support up to a further £1 billion lending to SMEs, a £2.2 billion grant scheme for small businesses, and a dedicated helpline for those who need a deferral period on their tax liabilities.

Government provides broader guidance for employees, employers and businesses [here](https://www.gov.uk/government/news/coronavirus-covid-19-guidance-for-employees-employers-and-businesses).

**Measures in the Budget**

* **Support for those ineligible for Statutory Sick Pay (SSP):** The Budget recognises that self-employed people and employees below the Lower Earnings Limit are not entitled to SSP. It sets out the following measures to counter this:
  + ‘New style’ [Employment and Support Allowance (ESA)](https://www.gov.uk/employment-support-allowance) will be payable for people directly affected by COVID-19 or self-isolating according to government advice from the first day of sickness, rather than the eighth day. EDA provides money to those unable to work due to sickness or disability. The amount you receive is not impacted by savings or income.
  + If you claim [Universal Credit](https://www.gov.uk/universal-credit) and are directly affected by COVID-19 or are self-isolating, you will be able to claim this as well as advance payments without the current requirement to attend a jobcentre.
  + For the duration of the outbreak, the requirements of the minimum income floor in Universal Credit will be temporarily relaxed for those directly affected by COVID-19 or self-isolating according to government advice for duration of the outbreak, ensuring self‑employed claimants will be compensated for losses in income
* **Time to Pay:** The government will ensure that businesses and self-employed individuals in financial distress and with outstanding tax liabilities receive support with their tax affairs. HMRC has set up a dedicated COVID-19 helpline to help those in need, and they may be able to agree a bespoke Time to Pay arrangement. This can be reached at 0800 0159 559.

Time to Pay was previously used in response to flooding and the financial crisis. It gives businesses a time-limited deferral period on HMRC liabilities owed and a pre-agreed time period to pay these back. These tailored arrangements will give a business the time it needs to pay HMRC to support their recovery while operating through any temporary financial challenges that occur. To ensure ongoing support, HMRC have made a further 2,000 experienced call handlers available to support firms when needed. HMRC will also waive late payment penalties and interest where a business experiences administrative difficulties contacting HMRC or paying taxes due to COVID-19.

* **Coronavirus Business Interruption Loan Scheme:** The government will launch a new, temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, to support businesses to access bank lending and overdrafts. The government will provide lenders with a guarantee of 80% on each loan (subject to a per lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs. The government will not charge businesses or banks for this guarantee, and the Scheme will support loans of up to £1.2 million in value. This new guarantee will initially support up to £1 billion of lending on top of current support offered through the British Business Bank. Further details to follow.

**Measures by the finance sector**

A [statement by UK Finance](https://www.ukfinance.org.uk/press/press-releases/banking-and-finance-industry-announces-support-customers-and-sme-businesses-impacted-covid-19) on behalf of the sector which announced that banks, building societies and credit card providers are ready and able to offer support to consumers, including offering or increasing an overdraft or allowing repayment relief for loan or mortgage repayments. Banks and other providers of SME finance will also provide support for businesses that are facing cash flow disruption and stand ready to help when needed. Private lenders making special funds available for small businesses impacted by COVID-19 include £2 billion from [Lloyds Banking Group](https://www.lloydsbankinggroup.com/Media/Press-Releases/2020-press-releases/lloyds-banking-group/lloyds-banking-group-ready-to-support-uk-small-businesses-impacted-by-covid-19/) and £5 billion from [NatWest](https://www.rbs.com/rbs/news/2020/03/natwest-pledges-p5bn-working-capital-support-for-smes-during-cor.html). Government has welcomed this response.

**Industry response and guidance**

The [Association of Independent Professionals and the Self-Employed (IPSE)](https://www.ipse.co.uk/) has given a cautious welcome to these measures. It has stated that while making the welfare system easier and quicker to access is a positive step, alongside improved access to credit, they remained concerned that freelancers and the self-employed are exposed if they are ill and if the economy deteriorates. They are continuing to make representations to this effect.

IPSE broadly recommends that freelancers and self-employed people should take the following steps:

* Start discussing preparations with their clients now - particularly getting ready to work remotely if they can.
* Consider how the coronavirus may affect their contractual obligations - for instance checking whether you have 'force majeure' clauses in place.
* Check what health or income protection insurance they have in place. There are a number of options available if you are not currently covered, but IPSE cautions that these policies often have a deferral period of three to four weeks and may not provide appropriate cover if you are forced to self-isolate.