



BRIEFING

COVID-19: HMG measures for freelancers and the self-employed

Summary

UK Government set out a £12 billion plan to provide support for public services, individuals and businesses as part of Budget 2020 on March 12th. This was extended with a £330bn package of business loans on March 17th.

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

The Chancellor has stated that these are only the first steps with regard to support around COVID-19 and that further interventions will be set out in the coming days. The BFI will update this guidance with any further information provided with regard to support for freelancers and the self-employed.

Government provides broader guidance for employees, employers and businesses [here](#).

Measures from UK Government

- **Support for those ineligible for Statutory Sick Pay (SSP):** The Budget recognised 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 \(ESA\)](#) 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. ESA 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](#) 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 £5 million in value (increased from £1.2 million in the Chancellor statement on March 17th). No interest will be due for the first six months. The Chancellor has stated that this scheme will be up and running by the start of w/c 23rd March. More detail to follow.
- Retail, hospitality and leisure businesses (e.g. cinemas) will pay no business rates this year. Those with a rateable value of less than £51,000 will also be able to access a £25,000 to help bridge the period. 700,000 of the UK's smallest businesses will be able to access grants of up to £10,000 (increased from £3,000 on 17th March) where they are eligible to receive [Small Business Rates Relief](#).

Measures by the finance sector

A [statement by UK Finance](#) 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](#) and £5 billion from [NatWest](#). Government has welcomed this response.

Industry response and guidance

The [Association of Independent Professionals and the Self-Employed \(IPSE\)](#) 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.

A number of unions have also provided guidance:

- [BECTU](#)
- [Directors UK](#)
- [Equity](#)
- [WGGB - The Writers' Guild](#)