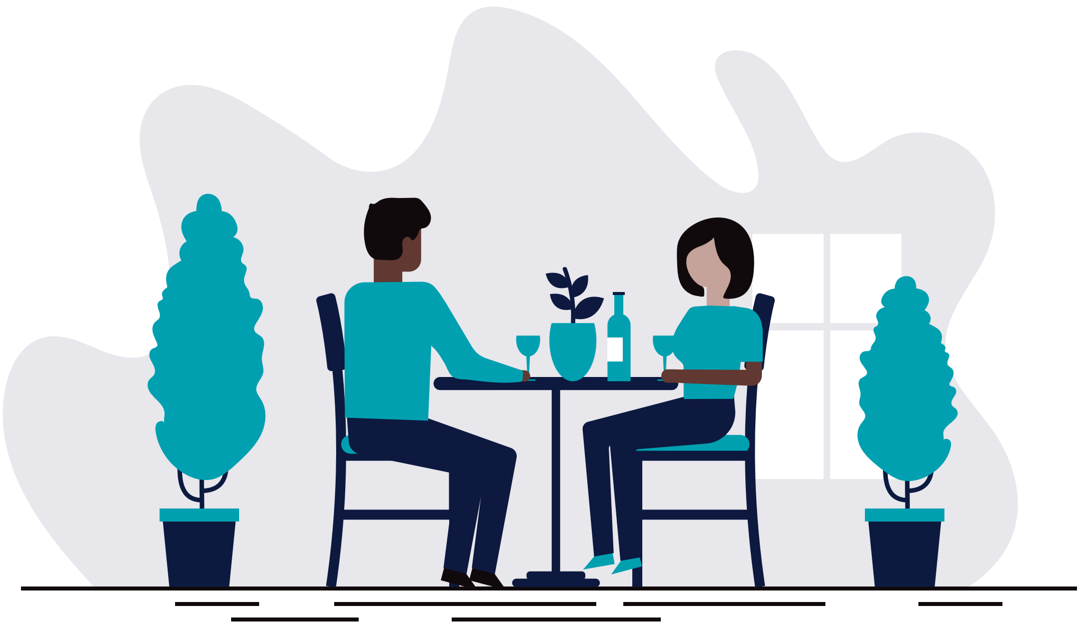

Covid-19 measures for individuals

Mortgage holidays
For people who find themselves in financial difficulties because of coronavirus, mortgage lenders will offer at least a three-month mortgage holiday. This holiday extends to buy-to-let landlords.

Protection from eviction
Private and social landlords will not be able to start proceedings to evict tenants for the period to 30 September 2020.

Statutory sick pay (SSP)
SSP is currently paid at the rate of £95.85 a week. It is now available to employees from day one, instead of day four, for those who are suffering from the virus or who have been advised to self-isolate. There has been no change in the minimum earnings threshold for SSP (£120 a week in 2020/21).

Individuals ineligible for SSP
Self-employed and gig economy workers generally do not qualify for SSP. Instead they may be entitled to Contributory Employment and Support Allowance.

Covid-19 sufferers and self-isolators will be able to claim the benefit from day one instead of day eight. The Minimum Income Floor in Universal Credit (UC) has been temporarily removed to ensure that time off work because of sickness is reflected in benefits.

For 12 months from 6 April 2020, the standard allowance in Universal Credit (UC) and the basic element in Working Tax Credit (WTC) for will be increased by the equivalent of about £20 a week over and above annual uprating (which were to £323.22 per month for UC for age 25 and over and £1,995 a year for WTC for 2020/21). This effectively brings UC into line with the rate of SSP. The change applies to all new and existing UC claimants and to existing WTC claimants.

Housing benefit
Housing benefit and the housing element of UC will be increased so that the Local Housing Allowance will cover at least 30% of market rents. Further information can be found at:
https://www.understandinguniversalcredit.gov.uk/new-to-universal-credit/housing/

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Hardship Fund
The Chancellor announced in the Budget a £500 million Hardship Fund, which would be distributed to Local Authorities so that they could support the vulnerable.

Main provisions for the self-employed
On Thursday 26 March, Chancellor Rishi Sunak made his long-awaited statement about the Covid-19 government support scheme for the self-employed, called the Self-employment Income Support Scheme (SEISS). Reports suggest that the announcement had been slow to arrive because of the greater difficulty in structuring and running a scheme that relied on annual information (via tax returns) and could not operate via the PAYE system.

SEISS provisions
The SEISS will pay a directly payable taxable grant to the self-employed (including members of partnerships) based on 80% of profits averaged over the last three tax years (or shorter periods if self-employment started after 2016/17), subject to a maximum of £2,500 a month.

- The initial payment term of the SEISS grant will be "at least three months".
- The payment of the grant will not prevent the claimant from continuing to work.

Restrictions on the SEISS
The SEISS will be restricted in three ways:

1. Self-employment must provide the majority of the claimant's income (based on the period used for the £50,000 test set out below).
2. Trading profits either:
   - were less than £50,000 in 2018/19; or
   - trading profit were less than £50,000 averaged over the three tax years from 2016/17. If trading started between 2016-19, HMRC will only use those years for which a Self-Assessment tax return has been filed.

According to the Chancellor, these thresholds mean the scheme covers 95% of the self-employed. The corollary is that it creates a cliff edge at £50,000, a figure that appears elsewhere in the tax system (e.g. the higher rate tax threshold).

3. The claimant must have submitted a 2019 tax return (covering the 2018/19 tax year). As a concession, any later filer will have four weeks to submit their overdue return if they wish to be included in the scheme.

HMRC will use their existing information to assess eligibility and contact individuals directly, requesting completion of "a simple online form". A gov.uk webpage gives more details, but is somewhat confusingly headed "Claim a grant through the coronavirus (COVID-19) Self-employment Income Support Scheme". The "don't call us, we'll call you" approach is aimed at preventing HMRC being overwhelmed with telephone queries, as has happened with the DWP's Universal Credit system.

Timing of payments
Payments from HMRC should start at the beginning of June. The initial sum will represent three months' cumulative payments. Until then the self-employed can claim Universal Credit. In his statement the Chancellor said Universal Credit could give a self-employed person with a non-working partner and two children, living in the social rented sector, support of up to £1,800 a month.

Anyone whose self-employment started after 5 April 2019 and thus has no self-employed earnings recorded with HMRC cannot benefit from the scheme and must rely on Universal Credit.

One-person companies
Those who operate through one person companies are not covered by the scheme as, despite the media label often given to them, they are not self-employed. The Treasury press release states that such people "will be covered for their salary by the Coronavirus Job Retention Scheme if they are operating PAYE schemes". The use of the word 'salary' is key here, as many one person companies route the bulk of their employee's remuneration via dividends to reduce National Insurance liabilities (see CJRS above).

In his closing remarks the Chancellor noted that "…in devising this scheme … it is now much harder to justify the inconsistent contributions between people of different employment statuses". This was a subtle way of suggesting that National Insurance contributions will have to rise for the self-employed once the crisis is over.

Coronavirus Act
The day before the Chancellor's latest statement, the Coronavirus Act 2020 received Royal Assent. This 348-page Act deals with a broad range of Covid-19 related measures (many of which exclude Scotland because of its devolved powers), including:

- Food supply.
- Statutory Sick Pay (SSP) modifications, e.g. funding of the employer's liabilities.
- Suspension of the complex abatement rules that either reduce or suspend NHS pensions on an individual's return to work.
- Uprating of working tax credit.
- Protection from eviction for residential tenancies to 30 September 2020.
- Protection from forfeiture for commercial tenancies to 30 June 2020.

We hope you find this information useful. If we can help you please do not hesitate to contact us on 01603 789966 or email enquiries@smith-pinching.co.uk