COVID-19 Financial Support Guide

1. INTRODUCTION

This guide has been put together by the Tax and Welfare Team at Equity to help members understand their rights in relation to the different kinds of financial support available during the Coronavirus pandemic and how to claim. This includes information on employment support schemes set up as a result of COVID-19, UK social security and non-state sources of financial support. A quick guide to support available from other departments at Equity, including the industrial departments can be found here.

Since the outbreak of the virus, several packages of support have been put in place, and been changed or amended at various points. We continue to update this guide as changes occur.

Important recent updates are as follows:

- The extension of the Coronavirus Job Retention Scheme (CJRS) until 30/04/21 (from p.4).
- The extension of the Self-Employment Income Support Scheme (SEISS) until 30/04/21 (from p.6).
- The extension of the remunerative work rule in Tax Credits until 30/04/21 (see pp. 25).
- The extension of the DWPs discretionary treatment of the self-employed including the suspension of the Minimum Income Floor (MIF) within Universal Credit until the end of April 2021 (see p.33).
- The extension of government backed business loans and adjustments to time to pay tax arrangements (see from p.43).

As of the publication date of this guide, currently there is no further information in relation to gaps in SEISS coverage. We strongly encourage members to continue to participate in lobbying action to get better support for the sector due to COVID-19 (see **section 16** below).

We are routinely updating this guide to reflect changes to government policy as/when they occur. Equity continues to campaign for better support for the entertainment industry and its workers during this time. Please see the Equity website and social media pages for the latest news.

Please note: *Whilst the material contained in this guide is believed to be accurate, no responsibility for loss occasioned to any person acting, or refraining from acting, as a result the material contained herein can be accepted by Equity. The material contained in this Guide is believed to be accurate at the date of publication,* ***21/12/20****, but will be subject to change.*

2. FINANCIAL SUPPORT FOR EMPLOYEES (PAYE)

a) Coronavirus Job Retention Scheme (CJRS)

How it works

In broad terms, the Coronavirus Job Retention Scheme (CJRS) is a grant paid to employers to cover most of the wages of people who are not working but who are 'furloughed', and kept on payroll, rather than being made redundant. The grant covers a percentage of the salary of retained workers up to a total cap, with employers being able to top up salaries further if they choose to.

CJRS is open to all employers (small or large, charitable or non-profit), agency workers, company directors, salaried members of a Limited Liability Partnership, those with PSCs is an employee of their own company, limb (b) workers (if on PAYE) and office holders.

CJRS from March to October 2020

Initially, in order to qualify, you had to have been on your employer's PAYE payroll before or on 19 March 2020 in order to qualify. CJRS payments would start from the day you were placed on furlough and could be backdated to 1/3/20. The initial time limit for adding employees to the scheme was ended on 30/06/20.

From March to October 2020, the rate of CJRS underwent several changes, a summary of which can be found here.

Extended CJRS from November 2020

On 31/10/20, the Prime Minister announced that CJRS would remain open until December 2020 (i.e. for one further month), with employees receiving up to 80% of their current salary for hours worked, up to a maximum of £2500. However, on 05/11/20, the Chancellor announced that CJRS would be further extended until March 2021, meaning that the government will pay up to 80 per cent of the normal amount of wages up to a cap of £2500 per month from 1 November 2020 to 31st March 2021. A further one month extention was announced on 17/12/20. Currently therefore, CJRS is due to end on 30/04/21.

Employers will only be expected to pay employer national insurance and pension contributions for hours not worked. The extended scheme will open from 11/11/20. To be eligible, employees must have been on an employer's PAYE payroll by 23:59 on 30 October 2020. As under the current scheme, flexible furloughing will be allowed in addition to full-time furloughing. Employers and their employees do not need to have used the scheme before to claim for periods from 1 November 2020. HMRC guidance on CJRS for employees be found here and for employers can be found here.

IMPORTANT POINTS TO NOTE:

- The government have advised that CRJS will be reviewed in January 2021. We will update this guide in due course to reflect changes.

- CJRS payments are generally treated as employment (PAYE) earnings for social security purposes- see **section 6** below. You can use social security as a top up to your living costs while receiving CRJS. See **sections 4 and 5** below for further advice.

b) Advice for employees who are not eligible for CJRS

Sick or self-isolating due to Coronavirus

If you are an employee and are sick or self-isolating due to Coronavirus, you employer may be able to claim Statutory Sick Pay (SSP) for you. It is paid at £94.25 per week. You will be asked to provide your employer with a sick note ('fit note') from your GP or an 'isolation note.' For more info on applying for an isolation note, see here.

Unemployed

If you are no longer an employee but have a recent history of employment, you may be able to claim Contribution Based Jobseekers Allowance (CB JSA), otherwise known as 'New Style' JSA. Broadly, you will need to have either paid or been credited with class 1 NIC on PAYE earnings of at least £5650 in 2017/18 and £5800 2018/19 if you claim in the annual year 2020. For more information on National Insurance based benefits, please see our 'National Insurance based ESA and JSA' briefing, which can be found in the Tax and Welfare section of the Equity website.

IMPORTANT POINTS TO NOTE:-

- SSP and CB JSA are paid to cover essential living costs excluding rent and council tax costs. If you are already claiming benefits, see section 4 for advice on existing social security. If not, see section 5 for advice on claiming Universal Credit. See also section 10 for help with Council Tax.

- DWP guidance advises that CB JSA/'New Style' JSA claimants in receipt of CJRS are considered to be in remunerative work and so not entitled to CB/New Style JSA with the exception of recipients whose weekly pre-COVID-19 contracted hours were fewer than 16. In these cases, CJRS payments will be taken into account £ for £ against your New Style JSA payment, following a small initial earnings disregard, usually £5 in most cases. If this has been applied in your case, please contact Equity's Tax and Welfare Rights helpline for further advice (see **section 15**).

- If you have not paid or been credited with the requisite class 1 National Insurance Contributions, your means tested benefit options are outlined below from **section 4** onwards.

3. FINANCIAL SUPPORT FOR THE SELF-EMPLOYED: THE SELF-EMPLOYED INCOME SUPPORT SCHEME (SEISS)

a) First and second round of SEISS (March to October 2020)

On 26/03/20 the Chancellor announced that self-employed individuals or members of partnerships were able to apply for a taxable grant called the Self-employed Income Support Scheme (SEISS) if their business had been **adversely affected** by COVID-19 (see **section 3f** below for explanation of 'adversely affected').

The initial grants were a payment of 80% of average of recent trading profits, using the tax years 2016/17, 2017/18 and 2018/19, up to a maximum of £2500 per month, for a 3-month period paid as a one-off payment (i.e., no more than £7500). For the first grant you had to show that your business had been adversely affected in the period up to 13th July (although it was commonly seen as covering the period March to May 2020). The first grant had to be applied for by 13/07/20.

On 29/05/20, the Chancellor announced that a second round of SEISS payments would be made available with the same eligibility criteria as the first, but slightly extended SEISS for individuals who did not previously qualify for a grant at all because their income was affected due to them taking time off for pregnancy, maternity, parental or adoption leave (see below, **section 3m) and 3n) below**).

The second round of SEISS was paid at 70% of average monthly trading profits, paid out in a single instalment covering three months' worth of profits, and was capped at £6,570 in total. There was a need to show that the business had been adversely affected by COVID-19 for the period after 14th July 2020. The second grant had to be claimed by 19/10/20.

b) Third and fourth round of SEISS (November 2020 to April 2021)

On 24/09/20 the Chancellor announced that a third and fourth round of SEISS would be made available covering a period of six months.

There were various changes to the planned rate of the third SEISS but finally, on 05/11/20, the Chancellor announced that the third round would be set at 80% of trading profits for the period November to January completely, with a maximum total cap of £7,500 – see https://www.gov.uk/government/news/government-extends-furlough-to-march-and-increases-self-employed-support

IMPORTANT POINTS TO NOTE:-

- **The third SEISS grant covers the period 1st November to 29th January 2021 and sets different conditions from the first two grants on eligibility. Importantly, there are new tests on being 'impacted by reduced demand' and having 'a significant reduction in trading profits' during the specific period 1st November to 29th January 2021. See below for more details on this.**

- The fourth SEISS grant, which will cover the period February to April 2021. It is not yet clear how the fourth grant will be calculated and what the eligibility criteria will be. We will be updating this guide once this information is known.

- Subject to eligibility, the second, third and the fourth grants can be claimed even if previous grants were not claimed.

- The three tax years being used to calculate the third and fourth SEISS grant will continue to be 2016/17, 2017/18 and 2018/19; therefore, tax year 2019/20 will not count.

- Those operating through PSCs are not eligible for SEISS although they may be able to access the CJRS.

- SEISS is **not** classed as public funds and so will **not** affect your immigration status.

- SEISS payments are generally treated as self-employment earnings for social security purposes – see **section 6** below. You can use social security as a top up to your living costs while receiving SEISS.

c) SEISS 3 eligibility rules

The rules for eligibility for the third round of the SEISS read as follows:

1. You must have been previously eligible for the first and second SEISS grant in order to apply (but you not need to have claimed the previous grants)

2. You must have traded in both tax years:
- **2018 to 2019** (and submitted your self-assessment tax return on or before 23rd April 2019 for that year) **and**
- **2019 to 2020**

3. You must either:
- Be currently trading but are impacted by reduced demand due to coronavirus **or**
- **Have been trading but are temporarily unable to do so due to coronavirus**

4. You must also declare that:

- You intend to continue to trade **and**
- You **reasonably believe there will be a significant reduction in your trading profits**

IMPORTANT NOTE: -

- There will be a fourth round of SEISS but the criteria for this has not yet been confirmed by HMRC as of the date of the publication of this guide.

d) ‘Reduced demand and significant reduction’ test

The guidance notes on SEISS number 3 in our view creates some level of confusion about what HMRC means by **‘reduced demand’** and for that reason we think it is better to refer to the terms of the SEISS Treasury Direction published on 25/11/20 which can be found at the following link: [Further Treasury Direction made under Sections 71 and 76 of the Coronavirus Act 2020 - GOV.UK (www.gov.uk)]

We would ask members to note particularly what it says at paragraph 4.2:

> ***4.2. Subject to paragraph 4.3, a claim may only be made for a SEISS 3 payment in respect of the period beginning on 1 November 2020 and ending on 29 January 2021 (“the qualifying period”) in relation to a trade—***
>
> ***(a)the business of which has suffered reduced activity, capacity or demand in that period from that which could reasonably have been expected but for the adverse effect on the business of coronavirus or coronavirus disease, and***
>
> ***(b)which the claimant reasonably believes will suffer a significant reduction in trading profits for a relevant basis period from that which would otherwise have reasonably been expected as a result of that reduced activity, capacity or demand.***

In paragraph 4.2 the Direction refers to ***‘the period beginning on 1st November 2020 and ending on 29th January 2021- (the ‘qualifying period’).’***

Part (a) of 4.2 refers to ***‘reduced activity, capacity or demand in that period’*** in the period 1st November to 29th January.

So it is important to note that to claim the grant there is an expectation that you will have suffered some reduced demand or activity during this period of three months Reduced demand may mean cancelled or suspended contracts but it may also mean fewer job opportunities, auditions, castings and so on.

Note that what you need to be illustrating during this period is a reduction in trading ***caused by COVID-19*** – it is not necessary to make a direct comparison with the previous year but just to show that there is less going on than *‘could reasonably have been expected’* (4.2).

Part (b) of 4.2 refers to the claimant needing to have a reasonable belief that he or she ***'will suffer a significant reduction in trading profits for a relevant basis period'.*** Here you are looking at the impact on your business during the claim period November to January and whether *at the point you claim* you reasonably believe this will impact on your trading profits for the tax year (or your relevant accounting period if different from the tax year) ***'as a result of that reduced activity, capacity or demand'*****.**

'Significant reduction in profits' – In assessing this, HMRC state that you will need to consider your individual and wider business circumstances when making this assessment. The reduction needs to have resulted from the reduced activity, capacity and demand suffered by the business.

So far HMRC have not elaborated any further than this on what they mean by 'a significant reduction' – however, they are very aware of the crisis in the entertainment industry and we would therefore expect them to accept that the widespread virtual shutdown of the industry during COVID will have affected members' businesses not just in relation to work cancelled or suspended but also in terms of lost opportunities i.e. sharply reduced activity in the industry. To that extent, measuring a loss in profits is going to be based not just on what work has been cancelled or suspended but also on what flow of work could have been reasonably expected during the qualifying period of November to January.

We will continue to try and get more detailed information on this from HMRC but in the meantime it's important to keep and evidence trail to show reduced demand or activity – please see section below.

We have added a couple of examples below (see p.13 below) to show circumstances in which someone might not be eligible to SEISS 3 and another where they are. We may post further examples as we get more information.

<u>IMPORTANT POINTS TO NOTE</u>: -

- In assessing what is meant by a **significant reduction in profits** HMRC will ignore the SEISS grant itself.

- If you have increased costs as a result of the COVID restrictions this is NOT taken into account whereas it was for grants 1 and 2.

e) <u>'Have been trading but are temporarily unable to do so due to Coronavirus' test</u>

This is the alternative test to that of reduced activity or demand and covers the ground of reduced capacity.

Examples given by HMRC to illustrate this test are:-

- Your business has had to close due to government restrictions.

- You have been instructed to shield or self-isolate in line with NHS guidelines and are unable to work from home (if you've been abroad and have to self-isolate, this does not count)
- You've tested positive for coronavirus and are unable to work
- You cannot work due to caring responsibilities, for example as a result of school or childcare facility closures

This test like the other one has to link to an overall significant reduction in profits so that, for example, if you've had to self-isolate for a week but it has had no significant impact on your overall profits for the year it will not be grounds on which to claim SEISS 3 (although the first test may give you good enough grounds anyway).

f) <u>Keeping evidence to support your SEISS 3 application</u>

(the evidence requirements for SEISS 1 and 2 are discussed below under the heading 'Adversely affected test – SEISS 1 and 2)

As stated above, in order to justify a claim for SEISS 3 you need to be able to demonstrate a reduced demand or activity in connection with your services and a consequent loss of profits due to the effects of COVID.

HMRC in the latest guidance for SEISS 3 have set out some examples of what represent reduced demand:

- Have fewer customers or clients than you'd normally expect, resulting in reduced activity due to social distancing or government restrictions
- Have one or more contracts that have been cancelled and not replaced
- Carried out less work due to supply chain disruptions

These examples are more designed for commercial traders but clearly members will be able to argue the dramatic drop in activity in the sector and may have contracts that have been cancelled or suspended.

HMRC also give hypothetical examples of scenarios involving traders which seek to illustrate reduced demand or activity which can be found here (insert hyperlink). These are helpful up to a point but again do not fully reflect the type of reduced demand or activitiy in the entertainment sector which is linked to closed venues across a whole range of live performance areas with many engagements in recorded media also either suspended or cancelled.

As stated below in the section on SEISS 1 and 2, the following types of evidence gathering could be useful:

- Keep a record of any cancelled bookings or contracts and any work which has been suspended during lockdown.

- Do a comparison with previous years to show the normal pattern of income and how it has been affected by lockdown.
- If there is still income try to quantify how much it has been reduced due to COVID-19.
- Quantify any other effects of loss of income e.g., equipment you were planning to purchase but now cannot.
- Keep emails or other concrete evidence to show lack of work.
- You must have a reasonable belief that your profits for the tax year (or your accounting period if other than the tax year) will be less than you could reasonably have expected them to be were it not for COVID. The wider business circumstances are relevant to this and here your agent can help by listing some of the work that may have been available (including things like casting opportunities, voiceovers, ads, role plays, work abroad, etc.). business accounts showing reduction in activity compared to previous years. If your agent can send you an email on this to keep as evidence that would be helpful.

If you're **business is temporarily unable to trade**, you should keep any evidence such as:

- A record of dates where you had to close due to government restrictions.
- NHS Test and Trace communications - if you've been instructed to self-isolate in-line with NHS guidelines and are unable to work from home (if you've been abroad and have to self-isolate, this does not count).
- A letter or email from the NHS asking you to shield.
- Test results if you've been diagnosed with coronavirus.
- Letters or emails from your child's school if you have had parental caring responsibilities.
- But as stated in **section 3e)** above there still has to be link to a significant reduction in trading profits for the year as a whole.

IMPORTANT POINTS TO NOTE: -

- You may decide it is too early to say whether reduced activity or demand in the three month qualifying period will lead to a significant reduction in profits. In this circumstance, you may want to wait and see and only apply for the grant later towards the end of the application period which ends on 29th January.

- Note that the rules in relation to those who took parental or adoption leave in 2018/19 also apply to grant 3 – see **section 3m)** below.

- For those taking parental or adoption leave during the period covered by SEISS grant 3 we strongly advise you to seek further advice before claiming.

HMRC's guidance on SEISS number 3 can be found here: [Check if you can claim a grant through the Self-Employment Income Support Scheme - GOV.UK (www.gov.uk)]

There is also guidance on what is meant by reduced demand or activity here: [How your trading conditions affect your eligibility for the Self-Employment Income Support Scheme - GOV.UK (www.gov.uk)]

g) <u>How SEISS entitlement is calculated</u>

Your SE profits must be less than £50,000 and more than half of your taxable income must come from self-employment, which is determined by **at least one of the following two entitlement conditions being true**:

1. You have trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of your total taxable income in that year

OR

2. You have trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period.

<u>IMPORTANT POINTS TO NOTE:-</u>

- If you only started trading between tax years 2016-2019, HMRC will only use the years in which you filed a self-assessment return.

- Your trading profits are taken into account. For SEISS purposes this is your turnover after expenses are deducted. Any losses you have carried forward are not deducted from your profits for that year for the purposes of the grant. Note that losses are averaged with profits when calculating the amount of the grant. For example, if you had profits of £12,000 in 18/19 and £10,000 in 17/18 but a loss of £20,000 in 16/17 this would be aggregated as an overall profit of £2,000 for the purposes of the calculation.

- Note that if you did not trade in tax year 2017/18 but did in 2016/17 and 2018/19 then the SEISS calculation will be based on tax year 2018/19 only.

- Your trading profit is compared to the total amount of taxable income you received in the same tax year. This can include PAYE earnings, taxable social security benefits including the state retirement pension, private pensions and property income (unless you are claiming full tax relief via the Rent a Room scheme). For a list of taxable and non-taxable income see https://www.citizensadvice.org.uk/debt-and-money/tax/what-is-taxable-income/taxable-and-non-taxable-income

h) Examples of SEISS 3 eligibility ('the tests')

Eligible

Marsha was contracted to be in a show over the Christmas period – due to COVID restrictions this was cancelled. She then applied for the SEISS grant early in December. In fact, she does get work after this during the period up to 29th January including a voice over, two TV ads and an online roleplay job. These pay out in total roughly the same as the show would have done. However, she is still eligible for the grant as she had a reasonable belief at the time of application that there would be a significant reduction in her trading profits due to reduced demand. Note that even if she applied after getting the replacement work, she would still be eligible if she could provide evidence that she could have earned more were it not for the effects of COVID.

Charlotte has taken a freelance contract with DPD delivering parcels for the whole period November to January. If she found acting work instead, she would leave those contracts and take the acting work. However, she thinks this unlikely to happen because there is so little acting work. She earns more from the DPD job than she would reasonably have expected to from performance work over the period. Even so, she is eligible. There is reduced demand for her services and her profits for the year will be lower as a result. Her profits from parcel delivery are from another trade and are therefore not relevant.

Not eligible

Ben was due to be in a pantomime which was cancelled due to COVID. Because he was unexpectedly free, he goes to a casting for a film and gets it. The film is shooting in January and February and is highly paid. At this point, he has not yet applied for SEISS 3. He is not eligible because although there is a reduced demand for his services in November and December, he is going to be earning so much more for the year that the reduction in demand is not going to cause him a reduction in profits for the year as a whole. So, at the time of applying for the grant he does not have a reasonable belief that there will be a significant reduction in his trading profits due to reduced demand.

i) Examples of how the SEISS grants are calculated

Three years of profits - Elena

Elena has been working as a self-employed performer for over a decade. She qualifies for the SEISS because her profits in all three tax years averaged less than £50,000 and averaged more than half of her total taxable income. Her profits in the relevant tax years were £10,000 (2016/17), £15,000 (2017/18) and £20,000 (2018/19). Her SEISS payment is calculated as follows:

- Her profits are added together and divided by three to get a yearly average (10k + 15k + 20k = £45k /3 = £15k average per year).
- This figure (£15k) is then divided by 12 to get an average monthly figure (£1250)

- 80% of the average monthly figure (£1000) is then multiplied by 3 to represent 3 months = £3000 SEISS payment.

One year of profit - Josh

Josh has been working as a self-employed performer since tax year 2018/19, achieving a profit of £7500. He qualifies for the SEISS because his profits in that year were less than £50,000 and represented more than half of his total taxable income. His SEISS payment is calculated as follows:

- His profit is divided by 12 to obtain a monthly figure (£625).
- He receives a one-off payment representing 3 months of this average figure x 80% = £1500 SEISS payment.

Mixture of self-employment and PAYE – Julian

Julian has been working as a self-employed performer for the last five years. He qualifies for the SEISS because his taxable profits in tax year 2018/19 were less than £50,000 and more than half of his total taxable income even though this was not the case in the other two tax years due to his PAYE income (see entitlement condition number 1 above).

His profits in the relevant tax years were £38,000 in 2016/17, £55,000 in 2017/18 and £42,000 in 2018/19 (in 2016/17 £38k was less than half his total taxable income for the year and in 2017/18 his profits exceeded £50k but he still qualifies because tax year 2018/19 meets the qualifying conditions). His grant is calculated as follows:

- His profits are added together and divided by three to get a yearly average (£38k + £55k + £42k = £135k/3 = £45k average per year).
- This figure (£45k) is then divided by 12 give an average monthly figure (£3,750).
- 80% of the average monthly figure (£3000) is then multiplied by 3 to represent 3 months (£9000).
- However, because the grant is capped at a maximum of £2,500 per month, Julian will receive £2,500 x 3 = £7,500 SEISS payment.

j) Two or more self-employments

HMRC have confirmed that where you have two self-employments - i.e., one in the entertainment industry and another outside of it is sufficient that only **one** of your self-employments is adversely affected by COVID-19 in relation to SEISS 1 and 2) or has reduced demand or activity leading to a significant reduction in profits for that self-employment for SEISS 3 in order to qualify for SEISS. In other words, even if your other trade has had an increase in profits you can still claim the grant.

k) SEISS 1 and 2 eligibility rules

Eligibility rules for SEISS 1 are as follows: -

- You must have submitted your Income Tax Self-Assessment tax return for the tax year 2018-19 by 23/04/20
- You must have traded in the tax year 2019-20
- You must be trading when you apply, or would be except for COVID-19
- You must intend to continue to trade in the tax year 2020-21
- Your trade/partnership trading profits have been **adversely affected** by COVID-19 (see **section 3d** below)
- Your trading profits must also be no more than £50,000 and more than half of their total income for either: the tax year 2018/19; or the average of the tax years 2016/17, 2017/18, and 2018/19.

<u>IMPORTANT POINTS TO NOTE:</u> -

- The deadline for submitting a 2018/19 return was extended to 23/04/20.

- SEISS rules state that no account will be taken of any amendment made to a tax return on or after 6pm on 26/03/20.

- HMRC will not extend the deadlines for applications and there is no appeals process to enable decisions on this to be challenged.

l) <u>'Adversely affected' test – SEISS 1 and 2</u>

HMRC have stated that you should keep evidence to show that your business has been adversely affected by COVID-19 for both the first and second round of SEISS. To qualify for the first grant the business must have been adversely affected before or on 13 July 2020. To qualify for the second grant the business must be adversely affected after 13 July 2020.

In practice, this means you need to show an adverse impact between 14/07/20 and 19/10/20. However, note that a future event beyond 19/10/20 may amount to an adverse impact before that date if it is known about before 19/10/20 and the business is adversely affected. This could include shows or bookings which have been cancelled or suspended and which you knew about pre-19/10/20.

It is important to note that the adverse impact does not have to be great. A small loss of income is sufficient. Examples of adverse impact could include:

- Business accounts showing a reduction in turnover.
- Confirmation of any coronavirus-related business loans you have received.
- Dates your business had to close due to lockdown restrictions.
- Dates you or your staff were unable to work due to coronavirus symptoms, shielding or caring responsibilities due to school closures.

Your business could be adversely affected by coronavirus if, for example:

- You are unable to work because you: -

- Are shielding.
- Are self-isolating.
- Are on sick leave because of coronavirus.
- Have caring responsibilities because of coronavirus.

* You have had to scale down or temporarily stop trading because: -

  - Your supply chain has been interrupted.
  - You have fewer or no customers or clients.
  - Your staff are unable to come into work.

For those in the entertainment industry work can be irregular and unpredictable so apart from the above factors other things to bear in mind would be:

* Keep a record of any cancelled bookings or contracts and any work which has been suspended during lockdown.
* Do a comparison with previous years to show the normal pattern of income and how it has been affected by lockdown.
* If there is still income try to quantify how much it has been reduced due to COVID-19.
* Quantify any other effects of loss of income e.g., equipment you were planning to purchase but now cannot.
* Keep emails or other concrete evidence to show lack of work.
* Discuss with your agent how to show work opportunities which may have been lost due to COVID-19.

m) <u>Maternity, parental and adoption leave: adversely affected (SEISS 1 and 2) and reduced demand and significant reduction in trading profits (SEISS 3)</u>

With SEISS, taking maternity, parental or adoption leave does not count as a break in trading activity or mean that you have stopped trading as long as you intend to resume trading after your leave period. If you are receiving statutory or contractual maternity, parental or adoption pay these are taken into account by HMRC when assessing your eligibility for SEISS, but maternity allowance is ignored.

In all cases, however, you may still need to demonstrate that there has been some adverse impact on your business during the relevant period in the case of SEISS 1 and 2 and a reduced demand and subsequent effect on trading profits in the case of SEISS 3

You may wish to discuss further with your accountant (if you have one) or with Equity's Tax and Welfare Rights advice team to check your position (see **section 15** below for our contact details).

HMRC have confirmed that receipt of MA in itself will not affect SEISS eligibility, however you will still need to meet the normal eligibility conditions as set out above. Members claiming MA should also note that when it comes to work, you are only allowed to work up to 10 days - known as **Keeping in Touch (KIT)** days. Working more than this during your maternity period will affect your MA eligibility. For more information about your Maternity, Parental and Childcare rights, please see **Equity's Maternity, Parental and Childcare Rights Guide**, which can be found in the members only area of the Equity website.

n) Parental and adoption leave

The government has slightly extended SEISS for individuals who did not previously qualify for a grant at all because their income was affected due to them taking time off for pregnancy, maternity, parental or adoption leave. The extension only helps those who have not already qualified for any SEISS. For more information see: https://www.gov.uk/guidance/how-different-circumstances-affect-the-self-employment-income-support-scheme

The rule is set out at part three of the new SEISS treasury directions. They are complicated, but broadly speaking, if you did not qualify for SEISS for the following reasons, you may be able to qualify for the first and second payment of SEISS:

1. Your 2018/19 trading profits or total income was affected due to:
   a) Caring for a child within 12 months of the date of birth of the child (where you have parental responsibility) **or**

   b) If you are an adopter, caring for a child within 12 months of the date a child was placed for adoption with you (or if adopting from overseas, the date the child arrives in the UK), **or**

   c) Pregnancy, **or**

   d) Maternity at any time within the period of 26 weeks from the date of giving birth.

   AND

2. You did not file a Self-Assessment tax return showing any self-employment income at all for 2018/19 **or**

3. A reduction in your self-employment income meant that you failed to meet the SEISS 'profits test' – in other words, your self-employment income was less than half of your overall income.

   AND

4. You meet all other SEISS eligibility criteria.

If the above applies to you, the new rules mean that HMRC can ignore your income in 2018/19 and instead look at your income in 2016/17 and 2017/18 (or 2017/18 only if they you did not trade in 2016/17) to see whether you would meet the 'profits test'. The grant will then be calculated using average profits over the same period, ignoring 2018/19.

Example: Maternity Leave in tax year 2018/19 – Alice

Alice has been self-employed since 2012, earning regular self-employed profits of around £14,000 and does sporadic PAYE agency work between performance engagements. She claims Maternity Allowance in March 2018 and remains on Maternity Leave for 35 weeks of 2018/19 tax year. She has a four-week temporary PAYE job in January 2019. Because her maternity leave has affected her usual self-employed work and made it impossible to claim the grant in that year, she can ask for her SEISS grants to be based on tax years 16/17 and 17/18 only.

IMPORTANT POINTS TO NOTE:-

- You may have an accounting period which his different from the standard tax year of 6 April to 5 April. For example, if your accounting period ends on 30 April you may be able to make use of this new rule even if your leave period related to 2017.

- Members who think they could benefit from this new rule are advised to get in contact with the Equity Tax and Welfare Rights Team for further advice. Detailed information about the SEISS extension, can be found here: https://www.litrg.org.uk/tax-guides/coronavirus-guidance/self-employment-support-scheme-'parental'-extension-who-does-it-help

o) How to claim SEISS

HMRC did provide a SEISS eligibility checker however that has now been withdrawn.

The SEISS application portal closed for first grant claims on 13/07/20 and on 19/10/20 for the second grant.

The claims portal for the third grant opened on 30/11/20. See Claim a grant through the Self-Employment Income Support Scheme - GOV.UK (www.gov.uk)

It is expected that HMRC identify those who can apply from the self-assessment system and contacting them individually, usually by text, email or letter and ask claimants to apply via gov.uk.

IMPORTANT POINTS TO NOTE:-

- You must make the SEISS claim yourself. If an agent or adviser attempt to claim on your behalf, HMRC advise that this triggers a fraud alert and will cause a significant delay to payment.

- If you are claiming social security as well as SEISS, it is important to check how your social security will be affected before claiming SEISS. Please see section 5h) below. You can also contact Equity's Tax and Welfare Rights helpline for further advice (see **section 15** below).

p) SEISS – disputing decisions on your claim

Members may want to double check their SEISS eligibility by using this independent SEISS calculator: https://www.ferret.co.uk/reckoners/free/seiss/seiss.htm

If you have been given a grant but believe the amount stated is wrong, you are strongly advised to register a formal complaint with HMRC. Your complaint should set out the reasons why you think they have got the decision wrong and what action you want them to take. There are two ways of registering a complaint:

1. You can complain online via your government gateway account, via the HMRC complaints iform at https://www.gov.uk/complain-about-hmrc. Make sure to save a copy **or**
2. Write to **PAYE and Self-Assessment Complaints, HMRC, BX9 1AB.** It is advisable to send by recorded delivery and keep a copy for your records.

If you are not satisfied with the result of your complaint, you can escalate the matter to the second-tier level of complaint within HMRC and a different customer service adviser will review it. If you make a second-tier complaint we advise letting your MP's office know.

Following this you can complain to The Adjudicators' Office (AO). This AO is able to consider issues like guidance not being applied fairly or consistently, administrative errors including misleading advice, how any discretionary powers have been applied and staff conduct. If you are not satisfied the the AO's response, you would then need to complain Parliamentary and Health Services Ombudsman however your MP is usually reqired to be involved at that stage; see https://www.ombudsman.org.uk/making-complaint

We would be grateful if you could keep us informed of any action you take of complaint stage and beyond by emailing alean@equity.org.uk and cc to helpline@equity.org.uk.

q) Misallocations

Many members have contacted us to say that they have not been able to get SEISS due to income that should have been recorded as self-employment income being recorded as employment income.

There are variety of reasons for this – many involve production companies reporting payments to members under RTI (Real Time Information) to HMRC and issuing P60s. This has led to employment pages being 'pre-populated' or to members or their accountants thinking they must link income under employment.We have been making strong representations on this issue to HMRC over several months asking them to consider using their discetionary powers under the Commissioners of Revenue and Customs Act (CRCA) 2005 to look at these 'misallocation' cases again. Unfortunately, they have refused to do so despite the fact that legislation, HMRC guidance and caselaw seem to allow for that.

We continue to lobby on this point – any members affected should please email Alan Lean on alean@equity.org.uk and cc. to helpline@equity.org.uk.

r) Further Steps

Equity and other organisations representing performers have lobbied for changes to the SEISS scheme for those who fall through the gaps including:

- Parents and Carers who have had recent gaps in their earnings because of pregnancy or caring responsibilities, bringing down their average taxable monthly profits.
- Workers who fall below the 50% of self-employed income threshold, particularly those who do a mixture of (now cancelled) PAYE work and self-employed work.
- New graduates/new entrants into the industry who have not yet submitted a tax return.
- Those with Limited Companies/PSCs.
- Those who may have had better years prior to 2016/17 but excluded from the SEISS despite having modest income in more recent years or being the main earner in their household.
- Those who have had considerable expenses, including expenses on purchasing essential equipment e.g., audio equipment, which have brought overall trading profit down; significant expenses are a natural and unavoidable part of working in the entertainment industry.

We encourage members who have been rejected from the SEISS scheme to email their MPs using our email template- see **section 16** below.

Finally, members in this position are advised to make sure that they are claiming all of the tax assistance and social security that they are entitled to during the COVID-19 pandemic, as outlined in the following sections of this guide.

s) Maternity leave and SEISS: Judicial Review

The charity Pregnant Then Screwed (PTS) have been campaigning for HMRC to allow mothers to exempt all the time spent on maternity leave from the average earnings for the purposes of SEISS. They have applied for a judicial review of the scheme and this has been accepted. See https://pregnantthenscrewed.com/were-threatening-legal-action-against-the-chancellor-for-indirect-sex-discrimination. Sign the petition here.

In the meantime, if you are a woman who has qualified for SEISS but whose profits were affected by periods of maternity spanning the 2016/17, 2017/18 and/or 2018/19 tax years, PTS would like to speak to you. Please email a short summary of your case to Gabrielle.nash@outlook.com with **SEISS case study (Equity)** in the subject line and copy in ecotton@equity.org.uk.

To sign the petition, go to: https://platform.organise.org.uk/campaigns/parental-pay-equality-maternity-self-employed

t) Frequently Asked Questions (FAQs)

I worked in 2018/19 but haven't registered for self-employment
SEISS rules state that assessments will be made by reference to a person's tax returns as at 23/04/20 and that no account will be taken of any amendment made to a tax return on or after 6pm on 26/03/20 – see para 10 of SEISS treasury directions.

I have been working in both employment and self-employment; some years my employment was my main income, how will I be assessed?
If either your 2018/19 taxable profits were over half of your taxable income, or an average of your taxable profits for the three tax years comes out at over half of your taxable income, you should still qualify for the scheme.

My profits in 2016/17 and 2017/18 were very low, but much more in 2018/19 – can I just rely on 2018-19?
If you have been trading since 2016/17, an average of three years will automatically apply.

Can I get CJRS as well as SEISS too?
Yes – see https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-COVID-19-self-employment-income-support-scheme

How do I survive financially while I wait for SEISS payments?
If you already are claiming social security - legacy benefits, tax credits or Universal Credit - see **section 4** on how to update these claims to ensure you are getting as much as you are entitled to. If you do not already have a social security claim, you may be able to claim either Universal Credit or Pension Credit. See **section 5** below. If your savings are above £16k, you are of working age and unemployed, you may be eligible for **Contribution based 'New Style' Jobseekers Allowance (JSA)** as long as you are unemployed and have paid the requisite class 1 NIC - see **section 2b** above. If you are of working age, unable to work due to ill health, and have savings in excess of £16k, you may be eligible for **Contributory or 'New Style' Employment and Support Allowance (ESA)** – see **section 4c) ii)** below. You may be eligible for one of the governments backed loan schemes including the Bounce Back Loan Scheme (see **section 13** below) and/or public body or charitable support (see **section 14).**

Can I claim SEISS and Universal Credit?

Yes, you can - SEISS payments are treated as self-employment earnings for Universal Credit, see **section 5d)** below.

<u>IMPORTANT NOTE:</u> -

- Members who are **not already receiving Universal Credit** and are planning to apply for the third SEISS grant are strongly advised to get advice from the Tax and Welfare Team at Equity (see **section 15**) before due to the UC Surplus Earnings rule (see **section 5h**) below.

- Depending on the amount of SEISS and any other income received, you may be better off delaying your UC claim until after the third SEISS payment has been received, however it will depend on the facts of your individual case.

4. SOCIAL SECURITY ('WELFARE BENEFITS')

a) Introduction

In this section, we will outline the main kinds of income replacement welfare benefits that are available for those who have lost their income due to the impact of COVID-19.

If you have long term health issues, a disability or are a carer for someone who has long term health issues or disability, please contact the Tax and Welfare Rights Helpline for further advice on what you may be able to claim in addition to what we set out below (see **section 15** for contact details).

If you are **not** already in receipt of social security, please skip this section and go straight to **section 5**, Universal Credit.

A key point to make from the outset is that due to considerable change in government policy in recent years, there are many different social security regimes that operate. These can broadly be divided into the following:

1. **Legacy Benefits for working age people**; mean-tested benefits for sickness, unemployment, low income work and rent liability- Income Support (IS), Income-Based Jobseekers Allowance (IB JSA), Income-Related Employment and Support Allowance (IR ESA), Child Tax Credit (CTC), Working Tax Credit (WTC) and Housing Benefit (HB). It is usually no longer possible to claim these benefits. *

2. **Pension Credit**: means tested benefit for those who have reached State Retirement Pension (SRP) age. Can no longer be claimed for mixed age couples where one of the couples is under SRP age. *

3. **National Insurance Contribution (NIC) based welfare benefits**; Contributory (or 'New Style') ESA (if you are sick) or Contribution-based (or 'New Style') JSA (if you are unemployed). These benefits ignore any savings that you have, and the earnings and any savings of a partner. *

4. **Universal Credit (UC) for working age people**; a means-tested monthly payment for those who are sick or unemployed and those with low earnings and/or rent liability. UC can be claimed alongside NIC based benefits, as long as you and/or your partner have savings of £16,000.00 exactly or under.

<u>IMPORTANT NOTE</u>

<u>CHECK BEFORE CLAIMING UC</u>

If you already receive legacy benefits, DO NOT claim Universal Credit without first getting advice from a welfare benefit adviser to check whether you are better off by doing so. Many groups worse substantially worse off under Universal Credit, and it is usually not legally possible to reclaim legacy benefits after claiming Universal Credit; unfortunately this applied even if you have claimed UC mistakenly. In addition, if you claim UC before you are moved over by the DWP as a part of UC managed migration, you will not get transitional protection.

Please note that you may be prevented from claiming UC if you are or have recently been receiving a Severe Disability Premium (SDP) as part of your legacy benefit award. See SDP Gateway for further information.

b) <u>Advice for those already claiming welfare benefits and Tax Credits (not Universal Credit)</u>

The following section provides advice to the different categories of existing benefit claimants in the light of COVID-19: -

i) <u>Advice for those claiming 'out of work' benefits</u>

For those claiming **OUT OF WORK BENEFITS** (**income related Employment and Support Allowance, Income based JSA, Income Support, and Housing Benefit, and Council Tax Reduction/Support**), it is highly likely that you will **<u>not</u>** need to claim Universal Credit during COVID-19 and will be much better off financially staying on your current benefit package.

IMPORTANT NOTE: if your personal circumstances change so that you no longer qualify for out of work benefits, for example you are no longer sick or find a job, it is important that you report this change to the Department of Work and Pensions as soon as possible otherwise you may be overpaid. We recommend that you also urgently seek advice from Equity Tax and Welfare Rights team before doing so (see **section 15** below).

ii) Advice for those claiming 'in work' benefits

For those claiming **IN WORK BENEFITS** (**Tax Credits and/or Housing Benefit, and Council Tax Reduction/Support**) it is highly likely that you will **not** need to claim Universal Credit during the Coronavirus crisis and run the risk of being worse off financially if you do so.

If you become unwell

- You can continue to receive **Housing Benefit and Council Tax Reduction/Support.** Give your local authority an estimate of your expected earnings (or lack of them) and any additional sickness related benefits that you receive (see below). They can then adjust your awards so that you receive more financial support.

- You can continue to claim and receive **Working Tax Credits** while being unwell for a maximum of 28 weeks. You should contact the Tax Credits Office (TCO) to let them know this applies to you and provide a re-estimated amount for expected earnings for both 2019/20 and 2020/21. Call 0345 300 3900.

If you have paid class 2 NIC in tax years 2017/18 and 2018/19, you can claim the National insurance based form of the state sickness benefit **- Contributory Employment and Support Allowance (CESA also known as 'New Style ESA') - in addition to WTC**. This is taxable income for Tax Credit purposes so you must declare it once it is received. However, the amount of Tax Credits you receive will only start to reduce if your total taxable income for the year exceeds the relevant tax credit thresholds – these are currently set at £6530 for WTC and £16,385 for Child Tax Credit (2020/21). 41% of income above these amounts is taken into account as income for Tax Credit purposes.

If you have not paid class 2 NIC as outlined, you will not be eligible for CESA. It is no longer possible to claim the means tested version of ESA ('income related ESA') as it has been subsumed into Universal Credit. Therefore, your option would be to claim Universal Credit instead, however there are major pitfalls in doing so – see **Am I better off claiming Universal Credit?** below.

If your earnings/work decreases due to lack of work

Members in this situation should update their Local Authority Housing Benefit/Council Tax Support and Tax Credit Office to inform them of a reduction in income so that their current benefit packages can be recalculated and they can be paid more support.

Tax Credits (WTC and CTC) and the requirement to be in work

It is particularly important for those whose profits have been negatively affected COVID-10 to make sure their Tax Credit award is updated to reflect this.

Current Tax Credit claimants will already understand that they must give an accurate estimate of their net profit from self- employment and gross earnings from employment (PAYE), plus any other income, on an annual basis. In addition, Tax Credit claimants need to ensure that any changes that occur throughout the year are reported immediately so that correct level of support is received, and you are not under or overpaid. It is important to note that rights to appeal Tax Credit overpayments and underpayments are very limited.

Working Tax Credit claimants qualify for an award on the basis that they are in **remunerative work** – i.e. that they are currently working. HMRC has confirmed that that people not working their normal hours because of coronavirus will retain entitlement to their usual Tax Credits, see https://www.gov.uk/government/news/tax-credits-customers-will-continue-to-receive-payments-even-if-working-fewer-hours-due-to-COVID-19

IMPORTANT COVID-19 UPDATE: -

- On 29/10/20, HMRC announced on Twitter that these special rules will continue to apply until 30/04/20. This includes both the employed and self-employed, and the rules will apply whether or not the claimant has accessed the CJRS or SEISS schemes.

- The relevant legislation, which comes into effect on 14/01/21 can be found here - Tax Credits, Childcare Payments and Childcare (Extended Entitlement) (Coronavirus and Miscellaneous Amendments) Regulations 2020.

- A helpful summary explanation of the legislation can be found here.

- Until the new legislation takes effect, HMRC will implement the rules by use of their discretionary powers.

IMPORTANT NOTE: -

- Claimants must continue to tell HMRC about any other changes in income, childcare, redundancy or ceasing to trade as a sole trader. You can do this via the online service or via the tax credits helpline. It is highly advisable to seek advice from the Tax and Welfare Rights Team at Equity before doing you do this – see **section 15** for contact details.

For further information about Tax Credits, please see our briefing on **Tax Credits**, available in the Tax and Welfare section of the members' only area of the Equity website.

Am I better off claiming Universal Credit?

Claiming UC will mean that your Tax Credit claim is automatically closed, and you will not be able to reclaim. The following points should be taken into consideration before doing so:

- You have to wait 5 weeks for an initial payment of UC paid in arrears; you can get an advanced payment, but this is provided in the form of a loan. If you are already on Tax Credits you do not get a run on of payment before claiming UC. If you are already claiming Housing Benefit, you can get a two-week run on.

- UC is paid monthly in arrears; it can only be paid two-weekly in exceptional circumstances. Tax Credits is paid either monthly or weekly, depending on your preference.

- You are unlikely to be financially better off as a result of claiming UC. The rates of UC and WTC have both been recently increased; see https://www.rightsnet.org.uk/resources/benefit-tax-credit-rate#

- Tax Credits take into account 41% of your earnings over an annual threshold of £6530 for WTC and £16,385 for CTC (2020/21). Certain UC claimants may be eligible for allowances to be added to their awards before a 63% taper is applied to their earnings; otherwise, 63% of earnings are taken into account.

- UC takes into account your capital over £6k to a limit of £16k. If your savings are above this level, you are not entitled to UC. Tax credits do not have any capital limits.

- You may be subject to significant work related requirements as part of your UC award - for example, you may be required to look for more work, find work outside of your usual form of work, engage with job centre regimes and attend interviews. Failure to do so can result in financial sanctions. There is no sanctions regime within Tax Credits, and you can pursue work (employment or self-employment) unconditionally.

- Currently the MIF (assumed amount of income for the self-employed) can be temporarily suspended by discretion until 30/04/21. See below section 5f) below for further information.

- Maternity Allowance (MA) is ignored as income for Tax Credits; it is taken into account in full for UC purposes. You also continue to receive WTC in full as well as MA while not working in your maternity period.

- Disabled workers can get various components added to their Tax Credit award simply by being in receipt of a disability related benefit; conversely under UC, you can only receive additional support as a disabled worker by undergoing a capability for work test, and being found to be **not** capable of work.

- UC contains a component to pay for rent so if you are claiming Tax Credits and **not** already getting help with rent through Housing Benefit, you may want to consider claiming UC, however please get advice first (see **section 15**).

- If you wait until you are moved over from Tax Credits to UC, your higher rates of entitlement will be transitionally protected and the MIF will not be applied for the first year that you are moved onto UC.

You can see whether you would be better off on UC or WTC using this online calculator https://benefits-calculator.turn2us.org.uk/AboutYou. If you want to claim UC instead of Tax Credits and/or Housing Benefit/Council Tax Support/Reduction, we strongly advise that you contact us to discuss the particulars of your case first (see **section 15** for Equity's Tax and Welfare Rights helpline contact details).

Already claiming Universal Credit.

You should continue to claim and update the department each month with any earnings and income received. Make sure to report any further changes to your household so that you receive the maximum amount that you are entitled to.

If you have been found Gainfully **Self-Employed** (GSE) and are subject to the **Minimum Income Floor (MIF)** please see **section 5f)** below.

c) Advice to those who are NOT already claiming benefits

The following section provides advice to those who are NOT already claiming benefits/tax credits and who become unwell and unable to work:

i) If you are sick or self-isolating: Contributory Employment and Support Allowance/ 'New Style ESA'

You are able to claim state benefits if you are sick or isolating due to Coronavirus. For benefit purposes this means that you are either:

1. Infected or contaminated with Coronavirus **or**

2. In isolation ('self-isolating'); meaning that you are to separate from any other person so as to prevent infection or contamination with Coronavirus in accordance with latest Government advice. Currently self-isolation is defined as needing to stay indoors if you or someone else you live with has symptoms of coronavirus (COVID-19). For more information see https://www.nhs.uk/conditions/coronavirus-COVID-19/self-isolation-advice/ **or**

Please note: A person can be in isolation when they live with other people such as family members or in multiple occupancy dwellings.

3. Caring for a child or qualifying young person (up to 18 yrs. old if still in education) who is a member of your household and who is either in isolation or infected or contaminated with Coronavirus disease.

Please note: the above does not include where a person: -

1. Has NOT been advised to isolate **or**

2. Is looking after a child or qualifying young person whose school or nursery has been closed as a precautionary measure, and the child or qualifying young person has NOT been advised to isolate.

After you have figured out whether you are either sick or self-isolating for benefit purposes, you should check your eligibility for **Contributory Employment and Support Allowance (CESA)** otherwise known as **'New Style ESA.'** It is the state benefit that is paid to people who are unable to work due to ill health and covers basic living costs not including housing and council tax costs.

Eligibility is based on your national insurance record. Essentially you will have need to have paid class 1 and or 2 NIC for tax years 2017/18 and 2018/9 in order to qualify. For further details, please see our '**National Insurance based ESA and JSA'** briefing, which is available in the Tax and Welfare section in the members' only area of the Equity website.

IMPORTANT NOTE: -

- The benefit of claiming CESA is that it is not means-tested and therefore you will receive it regardless of whether you have a partner or savings. But CESA only covers your essential living costs as an individual. Therefore, you will need to claim Universal Credit (UC) for further help if you rent and/or have children. This is means tested (savings over £6k taken into account). For further information on UC, see **section 5** below.

How to claim

To claim CESA, call 0800 328 5644 to start your claim or make a claim online: see https://www.gov.uk/guidance/new-style-employment-and-support-allowance-detailed-guide. Claiming online is likely to be much quicker than over the phone.

To claim additional support for rent and children, you should also start a claim for UC claim but you can do this online by going to https://www.gov.uk/apply-universal-credit.

ii) Not entitled to CESA/New style ESA

If you are NOT entitled to CESA, but you are sick or isolating due to Coronavirus you should be entitled to the equivalent support through **Universal Credit on grounds of 'Limited Capability for Work' (LCW).** The government have confirmed that UC claimants, who are ill or self-isolating due to coronavirus, are treated as having LCW from day one without having to serve any waiting periods for both CESA and UC (Limited Capability for work).

If you are NOT sick or isolating, and not otherwise entitled to any other benefits, you may qualify for Universal Credit – see **section 5** below.

Medical evidence

Those with or affected by Coronavirus

The DWP has updated its guidance to clarify how to prove eligibility for employment and support allowance (ESA) for those who are claiming due to coronavirus (COVID-19), as follows:

- Where a person, or their child, is self-isolating and therefore cannot work, an isolation note can be obtained online from NHS 111 if the person has been off work for 7 or more days; **and**
- Where a person lives in an area with local restrictions that includes advice to shield, and they or their child need to shield because they're at very high risk of severe illness from coronavirus, they should receive a letter from their doctor or their health authority.

The DWP advises that once an ESA application has been made on the basis of Coronavirus, the person will be contacted by phone and told when to give the evidence and where to send it.

Those who are otherwise sick

All other claimants who are otherwise sick will need to provide a sick note unless it is unreasonable for them to provide one in their particular circumstance – in this case the DWP can accept other evidence of ill health/limited capability for work, such as a medical letter.

To send a sick note (known as a 'fit note') to the DWP electronically or by post, see https://www.gov.uk/send-fit-note

5. UNIVERSAL CREDIT (UC)

a) Introduction

Universal Credit (UC) is a means-tested monthly payment for those of working age who are unemployed or have low earnings. It contains elements known as allowances to cover living costs, including the cost of a child, childcare and rent. UC can be claimed on its own or as a top up alongside other benefit. If you or your partner have capital amounting to £16,000.00 or over in total, you are not eligible for UC (see capital **section 5d)** below).

IMPORTANT NOTE:

- Universal Credit is not paid to single people or couples who have reached State Retirement Pension Age. Members who have reached state pension age should claim Pension Credit and Housing Benefit instead – see https://www.gov.uk/pension-credit and https://www.gov.uk/housing-benefit. If you part of a couple and one of you is under the State Retirement Pension age, you may have to claim Universal Credit instead; please see https://www.entitledto.co.uk/help/Universal-Credit-And-Pension-Age and contact Equity's Tax and Welfare Rights helpline for further advice (see **section 15**).

For more detailed information on UC, please see our UC Guide which can be found in the Tax and Welfare Section of the members' only area of the Equity website.

b) How to claim

To claim UC go to https://www.gov.uk/apply-universal-credit. We recommend that you check your assessment of UC is correct as soon as you receive your first payment by contacting the Equity Tax and Welfare Rights Advice Service (see **section 15** below).

Attendance at the job centre is currently being limited due to Coronavirus (see https://www.gov.uk/government/news/claimants-are-asked-to-apply-online-as-jobcentres-limit-access) and you will usually now be expected to interact with the DWP by phone and your Universal Credit journal. This will include verifying your identity – see https://www.gov.uk/government/news/universal-credit-claimants-to-verify-identity-through-government-gateway

UC is administered online and calculated on a monthly basis. You are obliged to report any changes in income each month. Self-employed claimants are obliged to report any earnings received and expenses paid out each month.

c) UC advance payments

UC is not paid for the initial first five weeks of claim. You can request a UC advance as part of your claim. The advance will need to be paid back, and the DWP usually seek to recover it over a period of 12 months. The government has said that they are seeking to ensure that the processing of advanced payments is accelerated. Apply for an advance payment via UC helpline on 0800 328 5644; alternatively, you could also ask your work coach, or use your online account.

d) Income and capital rules

There are various rules for how different types of income and capital are taken into account for UC purposes. The main types are as follows:

- **Earnings**: 63% of any earnings you receive are taken into account; wages, payments for self-employed work and other contracts for work, as well as residual/repeat fee payments or similar would fall into this category. Self-employed claimants can claim expenses against income each month and carry forward losses. SEISS and CJRS payments count as self-employment and PAYE earnings respectively.

  Other forms of **unearned income**, such as monthly insurance payments, NIC based benefits and other taxable social security, are usually taken into account in their entirety (pound for pound) for UC purposes. A full list can be found at regulation 66, UC regulations 2013.

- **Charitable payments** and **voluntary payments** (e.g. a gift from a relative) are disregarded altogether as are payments for disability related benefits such as Disability Living Allowance, Personal Independence Payment and Attendance Allowance. **Rental income** from a room you let in your own home is also disregarded.

- **Income from Capital** is taken to account over a £6k threshold. For every £250 you have over this amount, there is a £4.35 monthly deduction from your UC award. There is an automatic disqualification from UC if your capital exceeds £16,000.00.

Points to note on **Capital:** -

- The rules on what counts as capital for UC purposes are numerous. In general, accessible capital will include things like general savings, fixed term investments and trusts. However, many kinds of capital are disregarded. For example, the value of the home you live in. It is advisable to seek advice on how exactly how your assets will be assessed for UC purposes in order to ensure you are not missing out on UC entitlement – see **section 15** for Equity's Tax and Welfare Rights helpline contact details.

- For self-employed claimants, money set aside to pay business expenses, including your tax bill, may be disregarded as capital. This was clarified in parliament on 23/04/20 and link to the statement can be found here. If this provision applies to you, we recommend that you put a note on your online UC journal detailing how much money you have set aside and ask for it to be discounted from the calculations. Please contact us for further advice if this request is refused (see **section 15**).

IMPORTANT NOTE:-

- Most UC overpayments are recoverable; therefore, it is extremely important that you make sure that you declare earnings/income as/when they are received.

Equally, if you have not qualified for UC because your capital is over the £16,000.00 threshold, make sure to monitor the value of it and reclaim UC as soon as your capital falls under the threshold.

e) Employment status and claiming UC

Under UC, if you are **usually employed (PAYE)** and the majority of income comes from PAYE work, you should be considered usually employed but currently with low or no income. Your UC calculations will then be assessed on any PAYE income received, or not as the case may be, in each monthly assessment period.

For those who are **usually self-employed**; as part of the UC claiming process, you are usually asked a question along the lines of '*do you expect to receive any self-employment earnings within the next month?*' If you have no self-employment work, you should answer *'no'.* However, if you are **usually self-employed**, or your majority income usually comes from self-employment, you should then make an entry on your UC journal as follows:

> *'Please note I am registered as a self-employed performer with HMRC. But I have no self-employed work at the moment due to Coronavirus.'*

Those with **Personal Service Companies (PSCs)** will be treated as employees if they are paying themselves by way of salary through a payroll (PAYE). Those who are not receiving a salary this way will usually be treated as self-employed, and any dividends received will be treated as self-employment income.

f) UC and the treatment of the self-employed

Due to the COVID-19 crisis, the government have finally relaxed the unfavourable treatment of the '**Gainfully Self-Employed'** (GSE). Previously this meant that if your self-employment was a trade, profession or vocation, deemed to be your main type of work, your main form of earnings and your self-employment was organised, developed, regular and carried on in expectation of profit' then a notional amount of income known as the **Minimum Income Floor** (MIF) was applied to your claim each month and treated as your earnings regardless of whether you met that threshold. If you earned more than the MIF, your higher earnings were taken into account. The MIF figure was usually based on National Minimum wage x 35 hours per week.

On 30/03/20 the Social Security (Coronavirus) (Further Measures) Regulations 2020 were passed. Regulation 2 (1) makes several changes to the unfavourable treatment of the self-employed including:

- the suspension of the MIF (Reg 2(1)(a))
- delay to GSE determinations (Reg 2(1)(b))
- to find those who have been deemed GSE to no longer be GSE (Reg 2(1)(c))

- the extension of start-up periods (Reg (2)(1)(d))
- to exempt those in this category from **work search** and **work availability requirements** (Reg 2(1)(e))

IMPORTANT NOTES:

- Regulation 10 originally stated that the regulations cease to have effect at the end of the period of eight months beginning on 13th March 2020.

- **On 03/11/20 the Department of Work and Pensions (DWP) announced that the Minimum Income Floor (MIF) within Universal Credit (UC) will continue to be suspended until the end of April 2021. A copy of the announcement can be found here. It is stated that regualtions will be passed as a result of the announcement. We will update members once further details are made known.**

- The further suspension means self-employed people will continue to receive financial support from Universal Credit based on their current actual earnings, not an assumed amount. This is crucial for members who are seeing a reduction in earnings or no work at all as a consquence of COVID-19.

- If you are contacted by DWP in relation to your self-employment status, please contact Equity's Tax and Welfare Rights Advice team immediately for further advice (see **section 14**).

- If the MIF has been applied to your claim now, see **section 5g)** below for advice on appealing this decision. We also recommend you contact us for advice.

g) Appealing GSE and MIF decisions

If you have claimed UC and been found GSE since the outbreak of the coronavirus **with the MIF applied,** we would advise that you appeal this decision, in accordance with the following:

Ground 1: If you have been GSE with the **MIF applied prior to 13/03/20**, but you have been receiving low or no earnings, we recommend that you cite DWPs own guidance which states that self-employed people whose businesses are receiving low or no income should NOT be considered gainfully self-employed, and therefore should not be subject to the MIF. This is set out at paragraphs H4054 to H4056 of the guidance.[1]

Ground 2: If you have been found GSE with the **MIF applied post 13/03/20**, and you are receiving little or no earnings as a result of the economic impacts of Coronavirus, we

[1] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/787442/admh4.pdf

recommend that you cite regulation 10 of the Social Security (Coronavirus) (Further Measures) Regulations 2020 as set out above, and ask for it to be applied to your case.

You have a month from the date of the GSE decision letter to start an appeal. You will know whether the MIF has been applied if you receive a GSE decision letter on your UC journal stating that you have found to be GSE and the MIF is going to be applied to your award.

The appeal process begins with the DWP having to carry out a what is known as a **Mandatory Reconsideration**. You should post a mandatory reconsideration request to your online UC journal. You should do this as soon as possible and no later than one month from the date of the decision. In your MR request, explain that you think the DWP have the facts and the law wrong in your case. Re-state the facts of your case and cite the applicable ground as set out above. If possible, provide some evidence to demonstrate that your business has been affected as a result of coronavirus, even if this is only an explanation at this stage, with evidence to follow. Unfortunately, the UC journal does not allow claimants to upload documents, so all you can do is copy and paste your request into a journal entry.

You will then receive a decision. If it has not been changed, you have a month from the date of the decision to register an appeal with HM Courts and Tribunal Service (an independent court). Complete appeal form SSCS1. Go to https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/748554/sscs1-eng.pdf to download the form and compete. In the section where it asks for you grounds, copy the grounds set out in your mandatory reconsideration request. Then print off and send by recorded delivery post.

At any point throughout this process, you can call the Equity Tax and Welfare Rights Advice Helpline for further advice and assistance (see **section 15** for contact details).

IMPORTANT NOTE: the above appeal process applies to all appealable benefit decisions. Mistakes are often made in relation to benefit decisions and they are often overturned as a result of appeals. It is very important to get advice to check whether your benefit claim decision has been made correctly, whatever the decision may be, to see whether you should pursue an appeal in your case.

h) SEISS and Social Security: UC and the Surplus Earnings Rule

SEISS payments are treated as self-employment earnings for social security purposes. Therefore, you should declare the amount with a deduction for allowable business expenditure.

Depending on how much your SEISS payment is, you may find that an amount is carried over to your next UC assessment period, for up to a maximum of 5 assessment periods, until used up. This is called the surplus earnings rule. It applies if:

- your earnings (and your partner's earnings, if you are a couple) in the assessment period in which your UC ended were above the 'relevant threshold' (see below) **and**
- you make a new claim within six months of your previous UC entitlement – i.e., the start of the new assessment period is within six months of the end of the previous one; **and**
- you have not been entitled to UC since the end of your previous award, and neither has your partner in a joint claim; **and**
- you have **not** recently experienced domestic violence (either now or when your previous UC ended)

The 'relevant threshold' is £2,500; plus any work allowance to which you are entitled (see your UC award); plus your maximum UC award less any income you have other than earnings; this total figure is then multiplied by 100 and divided by 63. The amount above this threshold is your Surplus Earnings. Depending on how large the surplus is, any further payments for UC will be reduced and/or stopped, for a maximum of 5 assessment periods. After this, the Surplus Earnings rules are no longer applied.

IMPORTANT NOTES:-

- Usually, when Surplus Earnings rules apply, your UC claim automatically closes. However The Universal Credit (Coronavirus) (Self-employed Claimants and Reclaims) (Amendment) Regulations 2020 were passed to ensure that this should not happen. Unfortunately the legislation does not 100% guarantee that this should apply in every case, therefore we advise members to check that their UC claims are continuing month by month, and to make sure to report any income received and/or expenses incurred by the last day of their assessment period as usual.

- Members who are not already receiving Universal Credit and are planning to apply for the second SEISS grant are strongly advised to get advice from the Tax and Welfare Team at Equity before doing so (see **section 15**). This is because of the UC Surplus Earnings rule (see **section 5h** above). Depending on the amount of SEISS and any other income recently received, you may be better off delaying your UC claim until after the second SEISS payment has been received, however it will depend on the facts of your individual case.

i) Reclaiming UC

If your means exceed the maximum amount of UC that you are entitled to within an assessment period, this may lead to a termination of your claim, though it should not occur where payments of SEISS have been received (see above).

Beyond the assessment period in which your UC is stopped - if you are still expecting low/no earnings, you should reclaim UC immediately so that any entitlement you continue to have is re-established, subject to advice on Surplus Earnings (see above).

If you reclaim UC within 6 months of your initial claim and your circumstances are the same apart from changes in income/earnings, your previous assessment period cycle remains the same, if there was entitlement to UC in the previous award and you continue to meet the qualifying conditions.

If you reclaim within 7 days of work ceasing, the award is restored for the entire period. If you reclaim after 7 days of work ceasing, you get an apportioned UC award for the AP.

The date of payment following reclaim depends on the date you reclaim. For example, if you reclaim on the first day of your assessment period cycle, you will get paid 5 weeks later. If you reclaim on the last day of the assessment period cycle, you would be paid 1 week later.

j) Kick Start Scheme

On 8 July 2020, the Chancellor announced a Plan for Jobs across England, Scotland and Wales, including £1 billion investment for the Department of Work and Pensions to 'support millions of people back to work.'

As part of this investment, the 'Kick Start' scheme has been set up to provide funding to employers in England, Scotland and Wales to create new 6-month job placements for young people aged 18-24 who are currently on Universal Credit and at risk of long-term unemployment. Participants will be paid National Minimum Wage for 25 hours work per week. Kick Start is not an apprenticeship, but participants may move on to an apprenticeship at any time during, or after their job placement.

To find out more about the scheme and what opportunities may be available in your area, contact your Universal Credit Work Coach. More information about the scheme can be found here https://www.gov.uk/government/collections/kickstart-scheme.

6. How earnings and COVID-19 employment scheme payments affect social security

In this section we will broadly outline the treatment of earnings and COVID-19 employment scheme payments on the main kinds of social security referenced in this guide. We recommend that members claiming any other form of social security not mentioned here should contact us directly for advice (see **section 15**).

a) Universal Credit (UC)

Earnings are taken into account in the assessment period in which they are received, i.e. in that month (see regulation 54, UC Regs 2013), not when you carried out the work.

Self-employed earnings are defined as remuneration or profits derived from a trade, profession or vocation. For members, this will typically include pay from Equity contract or similar (including any payments received in lieu of work due to COVID-19), fees and royalty/residual payments. SEISS payments are also treated as self-employment earnings.

These are taken into account following a deduction for allowable **expenses** (see Equity's UC Guide and regulations 58 and 59, UC Regs 2013) and pension contributions, plus any tax and NIC contributions you have actually paid to HMRC in that month. The amount left is referred to as the 'gross profit.' 63% of this amount is taken into account in the UC calculation.

It is your responsibility to report self-employment earnings and expenses to Universal Credit via your journal by the last day of your assessment period, every assessment period.

IMPORTANT NOTE: -

- Even if you do not earn in an assessment period, make sure to claim expenses as these generate losses which are then offset against any earnings received in following months, leading to a higher UC payment.

Employment (PAYE) earnings are those from which you have tax and NIC automatically deducted. They also include CJRS payments, Statutory Sick Pay, Statutory Maternity, Paternity and Adoption Pay.   These are usually reported directly to Universal Credit by your employer via the Real Time Information System; however, mistakes can be made, so we recommend that you check your UC payments each month.

63% of these payments are taken into account after a deduction for any Tax, NIC and pensions contributions actually paid in that assessment period. A less generous expenses regime applies (see regulation 55, UC Regs 2013).

b) Tax Credits

The Tax Credits (Coronavirus, Miscellaneous Amendments) Regulations 2020 confirm that any grant or any sum any grant or any sum paid to a self-employed Tax Credit claimant under a coronavirus support scheme is to be included in the calculation of trading profit (income). It also confirms that CJRS payments count as income for Tax Credit purposes.

SEISS and CJRS payments should be declared to the Tax Credit Office as soon as they are received if it is likely that the receipt of them will alter your annual estimate of earnings.

Tax Credit claimants will know that they must give an accurate estimate of their net profit from self- employment and gross earnings from employment (PAYE) on an annual basis, and ensure that any changes to this estimate that occur through the year should be reported immediately in order for your award to be amended so that you get the correct support, preventing underpayments and overpayments. This is particularly important to note for those whose earnings have been negatively affected by COVID-19.

c) Housing Benefit and Council Tax Support/Reduction (HB/CTS-R)

For more information on Council Tax Support/Reduction see **section 10** below. CJRS and SEISS payments are considered to be employment/self-employment earnings respectively for HB/CTR-S purposes and should be declared to DWP as soon as received.

The net profit from self-employment earnings are usually averaged over 12 months or another shorter period if that provides a more accurate picture of current earnings. PAYE earnings (gross) are generally taken into account over the period for which they are received. Make sure you declare all earnings to your local authority HB/CTS-R department in order to avoid overpayments.

d) Employment and Support Allowance (ESA)

You are not entitled to CESA/'New Style' ESA if you are working 16 hours or more a week, with the exception of the 'permitted work' rule. In brief, this means that if you are working less than 16 hours and earning no more than £140 per week net (2020/21) on average, and you continue to fulfil the eligibility criteria for ESA (i.e. unable to work due to ill health), you can continue to receive ESA payments in full. Permitted work earnings are disregarded for other benefit and tax purposes. For more information on permitted work, see p.4-5 of our **National Insurance based ESA and JSA** briefing which is available in the Tax and Welfare section in the members' only area of the Equity website.

On 09/6/20 the government confirmed that payments from the CJRS and SEISS do not affect ESA entitlement where claimants are not working. Where they are working the usual permitted work regulations will apply in relation to both the hours worked and earnings received. DWP guidance indicates that from CJRS and SEISS may affect entitlement to ESA if they exceed the permitted work threshold, i.e. they average out at more than £140 per week.

We assess that DWPs assessment of employment scheme treatments for the purpose of ESA **may** not legally correct and encourage members who are affected by this to please contact Equity's Tax and Welfare Rights helpline for further advice (see **section 15**).

It is advisable that you declare payments of SEISS/CJRS to the DWP. If your JSA payments are changed or stopped as a result, please contact us for further advice.

e) Jobseekers Allowance (JSA)

In relation to CJRS payments, DWP guidance states that CJRS recipients are considered to be engaged in remunerative work and are not entitled to JSA; with the exception of recipients whose weekly pre-COVID-19 contracted hours were fewer than 16 – i.e. part time. In these cases, we would expect that your CRJS payments would be less than your maximum JSA payments.

In relation to SEISS, DWP guidance states that JSA recipients are considered to be engaged in remunerative work both for the notional period for which the SEISS payment is made and for any later period, until subsequent evidence shows otherwise, with the exception of self-employed earners who, pre-COVID-19, usually worked for fewer than 16 hours a week on average – in these cases a SEISS payment will be treated as part-time earnings and will be brought to account for the period covered by the payment.

We assess that DWP's assessment of employment scheme treatments for the purpose of JSA may not be legally correct and encourage members who are affected by this to please contact Equity's Tax and Welfare Rights helpline for further advice (see **section 15**).

It is advisable that you declare payments of SEISS/CJRS to the DWP. If your ESA payments are changed or stopped as a result, please contact us for further advice.

f) Pension Credit

CJRS and SEISS payments are considered to be employment/self-employment earnings respectively for Pension Credit purposes and should be declared to DWP as soon as received. The net profit from self-employment earnings are usually averaged over 12 months or another shorter period if that provides a more accurate picture of current earnings. PAYE earnings (gross) are generally taken into account over the period for which they are received.

For information on how loans and grants affect social security, see section 13c) and 14c) below.

7. Help with rent

This should be provided as part of your UC claim. Help with rent is currently capped depending on what type of accommodation you live in and who lives with you, however the government have said that they will be increasing the amount of support available to cover at least 30% of market rents in your area from April 2020. This will apply to all private renters who are new or existing Universal Credit housing element claimants and to existing Housing Benefit claimants. Those renting from the council or registered social landlord should find that their rate of rent is already much lower than private rents. To check what you are entitled to go https://lha-direct.voa.gov.uk/.

After claiming Universal Credit, if you find that there is still a shortfall in your rent, you can apply to your local authority for a **Discretionary Housing Payment (DHP)** to cover this cost. However, as these payments are discretionary, you have limited rights to challenge a refusal. If you are refused, please contact Equity's Tax and Welfare Rights Advice Line for further advice (see **section 15** below). DHPs are usually applied for online via your local authority website. To find your local authority website, go to https://www.gov.uk/find-local-council.

IMPORTANT NOTES:-

- As a result of COVID-19, a government stay on evictions was put into place until 20/09/20, with landlords being required to provide most tenants with 6 months' notice until at least the end of March 2021. On 10/09/20 the government announced further measures to support renters affected by COVID-19 through the autumn and winter; in particular, evictions will not be enforced in local lockdown areas, there will be a truce on enforcement over Christmas and more funding will be made available to local authority DHP funds.

- For more information about the changes see here.   If you are facing eviction, we recommend that you contact Shelter or Citizens Advice for free housing advice. You may also be able to get housing advice and representation if you qualify for legal aid. For more information see: https://www.gov.uk/check-legal-aid

8. Help with Mortgages

As of the time of writing, Universal Credit mortgage support is only offered in the form of a loan for interest-only mortgages, and only after nine months of claiming UC.   The exception to this is if you have a **shared ownership tenancy** (i.e., you are buying part of your home and renting the rest). In these cases, your housing costs element can include the rent and all service charge payments you make straight away, **without a waiting period**.

On 17/03/20 the government announced that mortgage lenders would be offering a three-month holiday for people in financial difficulty as a result of COVID-19. This was extended to the end of October 2020. But following the Prime Minister's speech on 31/10/20, mortgage **payment holidays will no longer end.** Borrowers who have been impacted by coronavirus and have not yet had a mortgage payment holiday will be entitled to a six month holiday, and those that have already started a mortgage payment holiday will be able to top up to six months without this being recorded on their credit file. For more information, see https://www.fca.org.uk/news/statements/fca-announce-further-proposals-support-consumer-credit-borrowers-impacted-coronavirus

We recommend that members contact their mortgage providers directly for further advice on this. For general debt advice, we recommend that member contact their local Citizens Advice or the debt advice charity Step Change.

9. Costs of the child/childcare costs

When claiming Universal Credit, an element is added for **living costs for children**, paid at £277.08 per month for the eldest child, and £231.67 for other children, but subject to a two-child limit as of the time of writing. If the two-child limit affects you, or you think it will do once you have claimed UC, please contact Equity's Tax and Welfare Rights helpline for further advice.

You are also able to claim help with **childcare costs** through Universal Credit, Tax Credits or the Tax-Free Childcare scheme. For further information please see **Equity's Maternity, Paternity and Childcare Guide**, which is available in the Tax and Welfare section of the members' only area of the Equity website.

10. Council Tax Reduction/Support

Council Tax Reduction/Support is a mean tested rebate provided by the local authority to help with the cost of Council Tax. Each local authority administers its own scheme and eligibility criteria can differ. You usually apply online via your local authority website. To find your local authority website, go to https://www.gov.uk/find-local-council.

11. Utility bills and debt

Various measures are being introduced to help people pay their utility bills – see https://www.bbc.co.uk/news/business-51958920. Many utility companies also provide charitable payments to help people pay their bills, such as the British Gas Energy Trust, the Thames Water Trust Fund, EON Energy fund, etc. Contact your energy provider directly to see whether they offer charitable support. You can also apply to the entertainment charities for support with utility bills – see **section 14** below.

There are new rules about realistic and appropriate repayment plans which energy providers will have to follow from 15 December onwards. For more information see https://www.ofgem.gov.uk/news-blog/our-blog/protecting-consumers-winter

For general debt advice, we recommend that member contact their local Citizens Advice or the debt advice charity Step Change.

12. Self-isolation support payments

From October 2020, in England, Scotland and Wales, a £500 support payment for those required to self-isolate as a result of the NHS test and trace service. have been made available. In England, it is called 'NHS Test and Trace Payment'. In Wales it is called 'Self-isolation support payment.' In Scotland it is called 'Self-Isolation Support Grant.' There is no equivalent available in Northern Ireland as of the date of publication of this guide.

In general, the payments are available for those who are required to self-isolate, unable to work from home during isolation and with low income or in receipt of certain benefits, and you apply through your local authority. However, there may be exceptions according to each scheme so it is essential to check the details of your relevant scheme to see what particular rules and/or discretion may apply in your area: -

England
Claiming financial support under the Test and Trace Support Payment scheme - GOV.UK (www.gov.uk)

Wales
Self-isolation support scheme | GOV.WALES

Scotland
Coronavirus (COVID-19): Test and Protect - gov.scot (www.gov.scot)

To find your local authority website, go to https://www.gov.uk/find-local-council.

They are taxable in England but not subject to national insurance - it's not yet clear how they should be declared on the tax return but we will update on this in the guide.

13. Tax measures and loan schemes

As a result of COVID-19, measures have been taken to try and assist small businesses including sole traders, as follows: -

a) Tax Measures

Time to Pay arrangements: HMRC have set up a dedicated COVID-19 helpline to help those in financial distress and with outstanding tax liabilities and may be an able to agree a bespoke Time to Pay arrangements. They are also waiving late payment penalties and interest where businesses are experiencing difficulties in paying taxes due to COVID-19. For further information and a helpline number see https://www.gov.uk/government/news/tax-helpline-to-support-businesses-affected-by-coronavirus-COVID-19.

Payments on account: On 20/03/20 the Chancellor announced that self-assessment payments expected in July 2020 can be deferred until January 2021. This may assist self-employed members paying tax on account to HMRC although deferring payments may not be the best option and it is important to discuss the position with your accountant if you have one. Deferment does not appear to be automatic, so we advise members to contact HMRC to request a deferment via your gateway account or call the HMRC COVID-19 helpline on 0800 024 1222.

New Self-Assessment Self-Serve Time To Pay Scheme: If you deferred paying your July 2020 Payment on Account, you will need to pay the deferred amount, in addition to any balancing payment and first 2020/21 Payment on Account, by 31 January 2021. This may be a larger payment than you usually pay in January. If you are unable to pay your Self-Assessment (SA) bill in full by 31 January 2021, you can set up a Time to Pay payment plan of up to 12 months online with HMRC via your Government Gateway Account. For more information, see https://www.gov.uk/difficulties-paying-hmrc

Deferral of VAT payments: On 24 September 2020, the Chancellor announced that businesses who deferred VAT due from 20 March to 30 June 2020 will now have the option to pay in smaller payments over a longer period. Instead of paying the full amount by the end of March 2021 smaller, interest free payments can be made up to the end of March 2022. If you are unable to make these payments, you may also be able to make a time to pay arrangement with HMRC. For more information, see https://www.gov.uk/guidance/deferral-of-vat-payments-due-to-coronavirus-covid-19

b) Loan schemes

IMPORTANT COVID-19 UPDATE ON CORONAVIRUS RELATED GOVERNMENT BACKED LOANS - GENERAL POINT: as of 02/11/20, the government have extended the deadline for apply for all loan schemes - the Bounce Back Loan Scheme, Coronavirus Business Interruption Loan Scheme, and Coronavirus Large Business Interruption Loan Scheme – to the end of January 2021.

Coronavirus Business Interruption Loan Scheme (CBILS): this is a loan scheme to businesses backed up by the government to the extent of 80% on each loan. It will be interest-free for the first year. You would need to have an existing business account and would also need to have been eligible for the loan had the COVID-19 crisis not happened. Following criticism and to make the scheme more accessible the Chancellor introduced changes to the scheme on 3rd April so that it is extended to all viable small businesses affected by COVID-19, and not just those unable to secure regular commercial financing. The government is also stopping lenders from requesting personal guarantees for loans under £250,000 and has made operational changes to speed up lending approvals. More details and a full list of qualifying criteria see: https://thebusinessfinanceguide.co.uk/COVID-19

IMPORTANT COVID-19 UPDATE ON CORONAVIRUS BUSINESS INTERUPTION LOAN (CBIL): as of 24/09/20, the Chancellor announced that the government will extend their guarantees on payback of the loan to 10 years.

Bounce Back Loan Scheme (BBLS): Under this new scheme you are able to borrow between £2,000 and up to 25% of your turnover with the maximum loan being £50,000. There are no capital or interest repayments in year one and the government will guarantee 100% of the loan. After twelve months the interest rate will be 2.5% per year. The lenders involved are those accredited by the British Business Bank. You can apply if your business is based in the UK, was established before 1st March 2020 and has been adversely affected by the coronavirus. We note that the take up for this scheme has been far better than for the BILS above. For more information see https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan.

IMPORTANT COVID-19 UPDATE ON BOUNCE BACK LOAN SCHEME (BBLS): : as of 24/09/20, the Chancellor announced that the repayment term for the Bounce Back Loan would be extended from 6 to 10 years ('Pay as you Grow'), with options to those receiving the loan to pay back interest only or to suspend repayments for 6 months if required. Credit ratings will not be affected. On 02/11/20 it was also announced that the government would be adjusting the Bounce Back Loan Scheme rules to allow those businesses who have borrowed less than their maximum (i.e. less than 25% of their turnover) to top-up their existing loan, and will be able to do so from the week commencing 09/11/20.

Business Rates Relief and **Small Business Grant Funding**: these are only of assistance to those paying business rates. For more information on those see the following link: https://www.gov.uk/government/collections/financial-support-for-businesses-during-coronavirus-COVID-19

c) How are COVID-19 loan schemes treated for tax and social security purposes?

Tax: The usual position for sole traders is that the loan would not count as a taxable receipt and tax relief would be available on the loan interest. Those with personal service companies should consult their accountants.

Social Security: For **Universal Credit** regulation 2(2)(b) of the Universal Credit (Coronavirus) (Self-employed Claimants and Reclaims) (Amendment) Regulations 2020 states that loans made to individuals at this time to help aid their businesses should NOT be taken into account as income and should instead be treated as capital to be disregarded for 12 months. We advise members in this position to put a note on their journal to let DWP know that a public body loan has been received, and to ask DWP for a decision in writing to confirm the status of the payment in relation to the regulations quoted above. If DWP do not accept that the regulations apply as we have advised, please contact us ASAP so that we can advise further – see **section 15** for contact details.

For **Tax Credits**, loans should be disregarded as tax credit rules follow tax rules. In relation to **Legacy Benefits** (see p.20 for definition) loans should normally be treated as business assets and disregarded if paid into a business account but please contact us for further advice on your particular case (see **section 15**).

14. Financial help from charities and public bodies

In addition to the above, the following support may be of use to members: -

a) Charities

Entertainment Charities

There are several entertainment charities that may be able to help Equity members in financial difficulties. Awards are made on a discretionary basis. For more information and a summary of all the entertainment charities available see https://theatresupport.info/.

You can apply for help in addition to applying for state support however you will need to meet their eligibility criteria. Most charities will want to see that you have applied for the state support that you are entitled to before they consider making an award.

Equity Benevolent Fund

This is run by Equity trade union for Equity members. Equity is putting significant funds into the Equity Benevolent Fund to help members during this crisis. The fund is typically used for help for one-off payments to cover bills etc. Go to https://www.equity.org.uk/about/benevolent-fund/how-to-get-help/ to apply online.

Theatre Artists Fund

The Theatre Artists Fund has been set up to provide emergency support for theatre workers and freelancers across the UK. It is for theatre professionals who are in need of urgent and critical financial support due to the devastating impact of COVID-19 on the theatre sector. The first round of applications closed on 13/07/20, but a second round of applications is planned to commence as and when there are sufficient funds – to check the latest see https://theatreartists.fund/who-is-the-theatre-artists-fund-for/.

Scenes for Survival Fund

A hardship fund established by the National Theatre of Scotland with the Federation of Scottish Theatres and the McGlashan Charitable Trust for performers, stage managers and creatives who have been unable to access support under any of the government's support schemes. The hardship fund will open for applications from 31/08/20 to 04/09/20 and grants are between £500 & £1,000. For more information see https://mcglashantrust.org/the-scenes-for-survival-hardship-fund/

b) Grants from Public Bodies

England

Arts Council

The Arts Council will be making £20 million of emergency funding available to artists, creative practitioners and freelancers who have a history of public service culture. For more details on this scheme please see www.artscouncil.org.uk/COVID19.

Wales

Arts Council of Wales Coronavirus Support

For general information on what support is being made available, see https://arts.wales/funding/coronavirus.

Wales' Cultural Recovery: Freelancers Fund

Open from 5/10/20, the Welsh government's Cultural Recovery Fund will be offering one off grants of up to £2500 to freelancers facing financial challenges in the period from April 2020 - April 2021 as a result of the COVID-19 outbreak. Set at a budget of £7 million, it is open to those who work in the Arts, Creative Industries, Arts/Heritage Events and Culture/Heritage, and who work short term PAYE, in self-employment or who have a Personal Service Company (PSC). You must be based in Wales in order to apply. If you have received previous support from either CJRS or SEISS and are experiencing financial challenges you are still eligible for this fund. To apply, go to https://fundchecker.businesswales.gov.wales/culture

Scotland

Creative Scotland

Creative Scotland is offering various funding programmes to those working in the arts; see https://www.creativescotland.com/funding/funding-programmes

Screen Scotland Hardship Fund

Open from 22/09/20, Screen Scotland will be offering financial support for freelance screen practitioners working in all parts of Scotland's screen sector who are experiencing immediate financial hardship as a result of the ongoing COVID-19 pandemic. The fund excludes those who work on screen and those who have received substantial support from the CJRS and SEISS government schemes. The £700,000 fund forms part of the Scottish Government's £59million emergency funding package for the culture and heritage sectors and is open to those who work in short term PAYE, self-employment or who have a personal service company. You must be based in Scotland in order to apply.

Eligible Individuals can apply for financial help up to £2,000 (or more, where access costs are required). For full details and to apply see https://www.screen.scot/news/2020/9/further-emergency-support-for-scotlands-screen-sector-workers

Newly Self-Employed Hardship Fund

On 21/4/20 the Scottish government announced a package of support for the newly self-employed and firms suffering hardship to be paid in early May 2020. This includes a £34 million Newly Self-Employed Hardship Fund which will be managed by Local Authorities (£2,000 grants). For more information see https://news.gov.scot/news/lifeline-support-for-business-confirmed

Northern Ireland

Newly Self Employed Scheme (NSESS)

An initial one-off taxable grant of £3500 to newly self-employed individuals that meet the criteria, which include commencement of trading as self-employed between 6 April 2019 and 5 April 2020. This new scheme will enable support to be provided to approximately 2900 newly self-employed individuals. For more info see Newly Self-Employed Support Scheme (nibusinessinfo.co.uk)

Individuals Emergency Resilience Programme (IERP) – extension

Open to Individuals who work across the arts and wider creative economy and experiencing financial hardship as a result of Covid-19 will be able to apply for support of up to £5,000 - or £7,500 for disabled individuals with support costs. The scheme will open for applications on 17/12/20. For more information see: Ní Chuilín allocates further funding for individuals in the arts and creative economy | Northern Ireland Executive

c) How are charitable and public body grants treated for Tax and Social Security purposes?

Tax: Payments from charities/voluntary payments are not taxable. We are assessing the tax status of payments from public bodies to individuals where the position is not clear and will be updating members with advice on this in future revisions of this guide. Note that these payments fall within tax year 2020/21.

Social Security: charitable payments should disregarded for social security purposes (UC, tax credits, and legacy benefits). In relation to public body grants:

For **Universal Credit** regulation 2(2)(b) of the Universal Credit (Coronavirus) (Self-employed Claimants and Reclaims) (Amendment) Regulations 2020 states that grants made to individuals at this time to help aid their businesses should NOT be taken into account as income and should instead be treated as capital to be disregarded for 12 months. We advise members in this position to put a note on their journal to let DWP know that a public body grant has been received, and to ask DWP for a decision in writing to confirm the status of the payment in relation to the regulations quoted above. If DWP do not accept that the regulations apply as we have advised, please contact us ASAP so that we can advise further – see **section 15** for contact details.

For **Tax Credits**, we advise members to include public body grants in their estimate of income in order to avoid overpayments as we believe that they may be taxable (in accordance with tax rules). We will be updating this guide with clarification in due course.

If you are in receipt of **Legacy Benefits** (see p.20 for definition) and receive a public body grant, please call the helpline for further advice see **section 15** for contact details.

15. Equity Tax and Welfare Rights Advice Line

For further information and advice, please contact the Tax and Welfare Rights Advice Line at Equity. We are open on Mondays and Thursdays from 10-1pm and 2-5pm. Call 0207 670 0223 or email helpline@equity.org.uk.

16. Lobbying for better support

Equity continues to lobby the government for better state support for members during the Coronavirus Pandemic and we are encouraging members to participate - please see https://www.equity.org.uk/news/2020/september/four-pillar-plan/ for more information.

In particular, we encourage members who do either do not currently qualify for support during this time or are not getting adequate support to join the various actions listed at the end of the webpage, including contacting their MPs using the template email which sets out continued issues of concern and our asks from the government going forward.