

Self-employed? Worried about the effect of the coronavirus, Covid-19? **You're not alone.**

Monday 23rd March 2020: The Chancellor, Rishi Sunak, has announced sweeping measures to help businesses through the next few months, but has he done enough to help the self-employed?

By and large, the biggest concerns are around how self-employed business owners will be able to pay themselves, cover their expenses and pay their business and household bills. At a business level, this is about cash flow; on a personal level, this is about the ability to stay afloat if they are unable to work or trade as a result of government-imposed restrictions.

In this document you'll find information and advice about what you can do right now if you are self-employed. If you are the owner of a limited company, check out our guide for companies found here:

<https://www.theinsolvencycompany.co.uk/coronavirus-keep-calm-and-carry-on/>

If, once you finish reading through, you find you are still feeling overwhelmed or you are being chased for money that you cannot pay, then give one of our team a call on **01823 216156** for a free confidential conversation on the options available to you.

Know where to find financial support

There are numerous sources of financial support available. Here are some that we feel may be useful for you:

Universal Credit (Sick Pay)

If you cannot work as a result of COVID-19 you can claim Universal Credit at a rate equivalent to Statutory Sick Pay for employees. This is £94.25 per week of SSP for up to 28 weeks without being required to attend a Jobcentre.

<https://www.gov.uk/apply-universal-credit>

You can also apply for a Universal Credit Advance Payment if you cannot afford to wait for the first Universal Credit payment to come through. Find further information here:

<https://www.gov.uk/guidance/universal-credit-advances>

Bank support

Most banks are offering support and dedicated advisers to help customers apply for payment holidays for mortgages and other loans.

We would recommend you look online as soon as possible to see what help your personal and business banking providers are providing.

Be aware that there may be an impact on your credit rating, be sure you ask your banking provider if this is the case.

- **HSBC**
<https://www.hsbc.co.uk/help/coronavirus/>
- **Santander**
<https://www.santander.co.uk/personal/coronavirus>
- **TSB**
<https://www.tsb.co.uk/coronavirus/>
- **Halifax**
<https://www.halifax.co.uk/helpcentre/coronavirus/>
- **RBS**
<https://personal.rbs.co.uk/personal/support-centre/coronavirus.html>
- **Lloyds**
<https://www.lloydsbank.com/help-guidance/coronavirus.html>
- **Barclays Bank**
<https://www.barclays.co.uk/coronavirus/>
- **NatWest**
<https://personal.natwest.com/personal/support-centre/coronavirus.html>

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Tax

Self-Assessment Tax payments deferred

If you pay “on account” self-assessment tax bills, then your next tax bill would have been due on 31 July 2020. This has been deferred until January 2021.

VAT

The Chancellor has announced that he will be deferring VAT for the next quarter. This will benefit any Self-Employed person who is VAT registered (usually when turnover exceeds £85,000)

Other Tax Bills

If you have a tax bill due now or you already have a ‘time to pay’ arrangement in place speak with HMRC about starting or extending your time to pay arrangement. These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities.

Businesses can contact HMRC’s new dedicated COVID-19 helpline for advice and support on **0300 200 3835**. Further information can be found online here:

<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/business-payment-support-service>

Business Rates Grant

If your business is in receipt of business rates relief or rural rate relief, you may qualify for a £10,000 one off grant to meet your ongoing business costs.

If your business is in the retail, hospitality or leisure sector and has a rateable value between £15,000 and £51,000 then you may qualify for a grant of up to £25,000.

Local Authorities should have further information on the Business Rates Grants, and payments are not expected to be made until April 2020 at the earliest.

The coronavirus business interruption loan scheme

If you need a business loan to get through the next few months you can apply for a loan that is interest-free for 12 months, instead of the initially proposed six. The move will let companies apply for the fund even when the worst of the virus outbreak has died down.

There are 40 accredited lenders that are signed up to this scheme including the high street banks. To apply in the first instance, contact your bank. Further information on this is found here:

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/>

Get a clear understanding of your financial situation

If you have suffered a reduction in income due to Coronavirus, then you need to take action for both your business and for you personally. See below for some helpful steps you can take:

Business Action

- **Business Cash Flow:** Prepare a realistic cash flow for the next few months. You can download a template here: <https://www.accaglobal.com/uk/en/business-finance/business-plans/example-cashflow.html>
- **Speak to people who owe you money:** Are they able to pay you or will they be affected by the current situation too? It’s better to know now so you can plan.
- **Sources of Funding:** Apply for all sources of business funding referred to in the Financial Support Section above.
- **Check your insurance policies:** Are they covered for loss of income? Make sure you know how to claim and what the criteria is.

Minimise business costs

- Go through all the expenses on your cashflow. Are they all essential right now? Prioritise essential payments so that they get paid first.
- Are there any services that you can cancel/reduce or put on hold for a few months. What about advertising expenditure on social media, for example?
- Are there any orders for stock you have placed within their cancellation period? Do you need them?
- Ask for payment breaks – Some of the major banks are offering support and payment breaks to help. HMRC have agreed to be more flexible too.

Personal Action

Prepare a monthly budget – Write down all of your incomes and expenses for the household. See what you have available at the end of each month. Try this online tool:

<https://www.moneyadviceservice.org.uk/en/categories/budgeting-and-managing-money>

Reduce your outgoings

Identify areas where you can cut and/or reduce costs. E.g. satellite subscriptions. Is a sports package needed when there are no sports being played? Are you paying more than you need to towards credit cards? Consider reducing to the minimum payments if you cannot afford to pay more – note: this will be more expensive in the long run so treat this as an emergency solution.

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Prioritise bills

Identify your priority bills, the most important ones that you must pay. Prioritise these over everything else. For example, food, utility bills etc are more important than paying a credit card bill. If you can't pay everything, ensure you have enough for the important ones. For an explanation of what priority bills are see below:

<https://www.stepchange.org/debt-info/dealing-with-debt-problems/what-debts-to-pay-first.aspx>

Ask for rent/mortgage payment breaks

Banks are offering 3-month payment breaks and landlords should do the same providing that you are not already in arrears.

Check your benefit entitlements

In general, when it comes to working out which benefits you are eligible for and how much you might get, the same rules usually apply whether you work for an employer or are self-employed. Your Self-Employed earnings will count as income when working out what benefits might be available to you. Turn2Us offer a useful benefits calculator to help you see what you may be entitled to:

<https://benefits-calculator.turn2us.org.uk/AboutYou>

Think outside of the box

- How else can you continue to run your business? Can you offer your services online or diversify in some way?
- Make the most of others knowledge and experience and ask for ideas on how you can still make money using your skills and knowledge during this time. For example, can you sell special offer vouchers for later in the year or investigate other revenue streams?
- Use your time wisely to do all the jobs that you have been putting off – Whether it is planning your marketing campaign for the next 12 months or getting up to date on your accounts. You could even use the time to give you space for creativity and to really think about that new business idea. Once everything returns to normal you will be well placed to hit the ground running and make up for any lost time.

Other useful sources of information:

The Insolvency Company Coronavirus Support Guides and resources are located at the following link:

<https://www.theinsolvencycompany.co.uk/coronavirus-keep-calm-and-carry-on/>

Keep checking back as these guides are frequently updated as new government announcements are made.

Government Official Support Page:

<https://www.gov.uk/government/publications/support-for-those-affected-by-covid-19>

What to do if you need emergency help with money and food

- **Local foodbanks** A foodbank is a free service that provides food for people who are struggling with money. To be able to access a foodbank you'll need to be referred by one of the following agencies:

Jobcentre Plus	A social worker
Citizens Advice	Children's centres
Local authorities	Police or probation workers
GPs, health visitors or other medical professionals	

Emergency funding from your council

You can apply to your council's local welfare assistance scheme. These schemes are available to people on a low income that are facing financial difficulty. Each local authority runs their own scheme with different qualifying criteria. Some offer small cash loans, grants or food vouchers etc

Get in touch with your local council to find out if you meet the criteria for the scheme and to see if they can help

Finally, seek specialist advice

If you believe that your business is going to be significantly affected and you are worried about significant losses, then call The Insolvency Company on **01823 216156**. We are here for any business or individual seeking advice on their debts.

This information is aimed at self-employed businesses. Look out for our next article, help for Limited companies.



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