



Citizens Advice Devon

# COVID-19: WHAT CAN YOU CLAIM?

## 2. SELF-EMPLOYED PEOPLE ALREADY ENTITLED TO BENEFITS

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## Introduction

If you are self-employed and have suffered a loss of income as a result of the COVID-19 outbreak and are already in receipt of one or more *legacy benefit - Housing Benefit, income-based Jobseekers Allowance, income-related Employment and Support Allowance, Child Tax Credit, Working Tax Credit and Income Support* – there are a number of options to consider. You may be eligible for the **Self-employment Income Support Scheme** (see below) and you may be entitled to a higher rate of your current benefit(s). Or you may be able to claim Universal Credit instead. Or you may already be in receipt of Universal Credit, in which case, when you report your change in income, you may be entitled to a higher payment. For further details, see below.

## Self-employment Income Support Scheme

If you are self-employed and suffered a loss of income as a result of the COVID-19 outbreak, this scheme allowed for a **first** taxable grant to be paid, in certain circumstances, until applications closed on 13 July 2020.

A **second and final** taxable grant, worth **70% of average monthly trading profits**, paid out in a single instalment covering 3 months' worth of profits, and capped at £6,570 in total is now available. Applications should be made from the date notified by government and, if you're eligible and your business has been adversely affected on or after 14 July 2020, ***you must make your claim for the second grant on or before 19 October 2020.***

The grant is worked out in the same way that the first grant was calculated. HMRC will add together the total trading profit for the 3 tax years - 2016 to 2017, 2017 to 2018, 2018 to 2019 (where applicable) then divide by 3 (where applicable), and use this to calculate a monthly amount. It will be up to a maximum of **£6,570 per month for 3 months**. The grant will be paid directly into your bank account, in one instalment.

People who claimed the first grant but were not eligible (e.g. because their business had not been adversely affected by the pandemic) or who simply did not claim, can still claim the second grant if they are eligible.

For more detail on how the scheme works, see: <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

HMRC have or will contact you to give you a date you should claim from. If they have not contacted you, you can use the online service to check eligibility and make a claim online by following the link above.

## Other Government Assistance

The government is also providing the following additional help for the self-employed:

- Deferral of your second payment on account – see <https://www.gov.uk/guidance/defer-your-self-assessment-payment-on-account-due-to-coronavirus-covid-19>
- Other support such as loans, tax relief and cash grants – see <https://www.gov.uk/government/collections/financial-support-for-businesses-during-coronavirus-covid-19#support-for-businesses-through-the-coronavirus-business-interruption-loan-scheme>

## Getting one or more legacy benefit

### Legacy benefits

*Housing Benefit, income-based Jobseekers Allowance, income-related Employment and Support Allowance, Child Tax Credit, Working Tax Credit and Income Support*

If you are self-employed and getting one or more of these benefits, or your partner is, you may be entitled to an increase. If your income has decreased or stopped altogether, contact whoever pays the benefit – *your local authority in the case of Housing Benefit, HMRC for tax credits, otherwise it's the DWP* – and ask if you are entitled to an increase.

In some cases, a reduction in your income might mean that you need to claim Universal Credit instead of your legacy benefits. Generally, this happens if the drop in income means you stop being entitled at all to your existing benefit e.g. Working Tax Credit or you need to claim a different benefit e.g. all you get is Child Tax Credit and the drop in income would mean you were entitled to help with your rent – in this case because there can be no new claims for Housing Benefit, you would have to claim Universal Credit instead. But **get advice** about this first as it's not always the best thing to do.

## Already getting Universal Credit

Universal Credit is a cash benefit for anyone of working age (whether working or not) whose income and capital are below set limits. It is gradually replacing *legacy benefits: Housing Benefit, income-based Jobseekers Allowance, income-related Employment and Support Allowance, Child Tax Credit, Working Tax Credit and Income Support*. People already on these benefits generally stay on them unless and until there is a change of circumstances which means they must claim Universal Credit. At some point, everyone on these benefits will have to move to Universal Credit.

If you are affected COVID-19, your income has dropped and you are struggling to meet everyday expenses, whether or not you are eligible for the **Self-employment Income Support Scheme**, make sure you report your income changes so that your Universal Credit can be increased.

## How much Universal Credit you might get

Universal Credit is paid for single people and couples.

To be eligible for Universal Credit, you have to be:

- over 18 (some exceptions); and
- under State Pension Age – *if a person's partner is over State Pension Age, the couple is still eligible for Universal Credit*; and
- in Great Britain and be *habitually resident* and have *a right to reside*; and
- not receiving education (some exceptions); and

- have capital less than £16,000 (whether as a single person or a couple) – *the value of business assets is ignored while you are working, and if you stop work, business assets normally continue to be ignored for 6 months*
- have income (combined income if a couple) in the month prior to the claim *below a set limit.*

### **Set limits**

The amount people get in Universal Credit is the difference between a set limit for them - their *Maximum Universal Credit* - and the amount of their *income* calculated according to the government rules in the month before the payment.

### **Maximum Universal Credit**

The amounts are different for different people. Some of the things that can affect how much you get are:

being over or under age 25 having children and, if so, how many and whether any of them has a disability -

- being a carer
- being unable to work
- being a tenant and where you live

Please see some examples of ***Maximum Universal Credit*** for different people below. Where people are renting, the *Maximum Universal Credit* includes amounts for rent based on figures used in Teignbridge. *These amounts may be different for private and social housing in different areas of Devon.*

## MAXIMUM UNIVERSAL CREDIT

Family Circumstances	Type of housing	Maximum Universal Credit	
		Per Week	Per Month
Single person aged 21	Living with parents	£79.09	£342.72
Single person aged 25	Living with parents	£94.59	£409.89
Single person over 25	Renting privately	£159.59	£691.56
Couple over 25 with one disabled child	Social housing	£389.18	£1686.46
Single parent with three young children	Social housing	£398.33	£1726.13
Couple over 25 no children	Renting privately	£240.65	£1042.80
Couple over 25 no children, one person too ill to work	Renting privately	£240.65 or £319.65	£1042.80 or £3184.72
Couple with one child where one person is a carer	Home owners	£229.10	£992.79
Couple with two children at school	Home owners	£256.41	£1111.12

### Income

The amount people get in Universal Credit is their *Maximum Universal Credit* **less** their *income* calculated according to the government rules in the month before the payment. There are some complicated rules for how different types of income are calculated. Some types of benefit income e.g. Personal Independence Payment, Disability Living Allowance, Attendance Allowance, Child Benefit are *ignored*. A certain amount of earnings is ignored for some people but not for others. Where earnings are taken into account, only 63% is counted. These rules mean that the amount people get varies greatly – it is individual to the claimant(s).

For self-employed people, your Universal Credit payment will change each month depending on your earnings and other circumstances. You won't be able to find out exactly how much Universal Credit you could get each month. If you want to get a rough idea, you can use the benefits calculator at [www.entitledto.co.uk](http://www.entitledto.co.uk). When the DWP work out your Universal Credit payment each month, they'll compare your real earnings with how much they expect you to earn each month - this expected amount is called your 'minimum income floor' (MIF). The DWP take this into account when working out your Universal Credit payment. The minimum income floor doesn't apply to everyone. If it doesn't apply to you, your payments will be based on what you actually earn through self-employment. Where it does apply, the MIF - the amount you'd earn at the minimum wage for the number of hours you are expected to work - this is different for different people and, as mentioned, does not apply to everyone. During the COVID-19 situation, your work coach can remove or reduce your minimum income floor. Tell your work coach if you're staying at home because of coronavirus or having trouble getting work because of coronavirus. Tell your work coach by making a note in your online account on GOV.UK.

## **Other financial support**

### **Advance payments of Universal Credit**

Even if you are already getting Universal Credit, you can ask for an advance payment if your circumstances have changed and you expect your Universal Credit payments to increase.

The advance payment is a *loan* - you'll have to pay it back, but you won't need to pay any interest. You can ask for an advance payment by applying through your online account or calling the Universal Credit helpline. At the moment, because of the coronavirus situation, you can ask for an advance payment of Universal Credit without having a Universal Credit interview. The DWP will tell you if you can get an advance payment - you'll usually find out on the same day you ask for it.

Once the DWP have agreed to an advance payment you should get the money in 3 working days. Tell the DWP if you need it sooner than this - they can pay you on the same day if you'd have no other money to live on.

The DWP will pay the advance into the same bank account you're using for your Universal Credit claim.

You can ask for up to a month of your Universal Credit entitlement. You don't have to ask for your full entitlement - you can ask for less. If you decide you need more, you can ask for a second payment but you'll have to explain why you need it. The first and second payments added together can't add up to more than your monthly entitlement.

### **Example**

*Campbell's monthly entitlement is £500. He asks his work coach for an advance of £200 - he can ask later for a second payment but won't get more than £300.*

You'll pay your advance back through monthly deductions from your Universal Credit. Ask your work coach how much the deductions will be. If you borrow a whole month's payment make sure you keep some back to pay your rent. Rent is included in your Universal Credit payment - it isn't usually paid straight to your landlord. You can spend up to 12 months paying an advance back. The DWP shouldn't ask you to pay it back sooner than this if you can't afford it - tell your work coach if the repayments will cause you hardship. You can ask to pay it back quicker if you want to. The DWP will usually reclaim the advance at 15% of the monthly Universal Credit standard allowance. If the rate of recovery will cause you hardship, you can ask your work coach to put off repayments for up to 3 months.

You claim an advance payment through your online account, through your work coach or by calling the DWP Universal Credit helpline: see <https://www.gov.uk/universal-credit/contact-universal-credit>

### **Council Tax Reduction**

Council Tax Reduction – also known as Council Tax Support – is a reduction you may be able to get on your council tax if you're on a low income. It's administered by your local Council. You can start the process to apply for Council Tax Reduction on GOV.UK at [www.gov.uk/apply-council-tax-reduction](http://www.gov.uk/apply-council-tax-reduction). This will direct you to the relevant page on your local council's website, which will tell you what you need to do next.

### **Discretionary Housing Payments and Exceptional Hardship Payments**

You may be able to get extra help with your rent and/or council tax from your local authority. Contact them to find out more.

## ***FOR FURTHER INFORMATION AND ADVICE:***

Visit [www.citizensadvice.org.uk](http://www.citizensadvice.org.uk) and search for 'coronavirus'

Phone: Devon Adviceline 9.00am–4.00pm Monday–Friday:

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