



# **Covid19: Critique and Proposals to Develop More Comprehensive and Inclusive Support for the Self-Employed**

**ERC Research Report**

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## **Covid19: Critique and Proposals to Develop More Comprehensive and Inclusive Support for the Self-Employed**

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# Covid-19 support entitlements of different types of Self-Employed Workers



Established self-employed as a main job



New(ish) self-employed



Self-employed as a second job



Established self-employed who grew business to be their main job in 2019-20

Number

3.65m

312,700

329,900

113,600

Percentage of total solo self-employed

82%

7%

8%

3%

Entitlement to SEISS (80% of profits, averaged over three years, for 3 months)?



But seasonal traders whose incomes fluctuate and those who grew profits rapidly in 2019-20 could get less



What if profits are low?

Universal Credit

But entitlement reduces in line with household income and savings over £6,000

Universal Credit

But entitlement reduces in line with household income and savings over £6,000

Universal Credit

But entitlement reduces in line with household income and savings over £6,000

Universal Credit

But entitlement reduces in line with household income and savings over £6,000

Can claim ESA for Covid19 sickness and self-isolation?



Only if have paid sufficient National Insurance or met NI conditions through other job



Only if have paid sufficient National Insurance or met NI conditions through other job

Mortgage 'holiday'?



Must be negotiated with lender and repaid later



Must be negotiated with lender and repaid later



Must be negotiated with lender and repaid later



Must be negotiated with lender and repaid later

# How can Covid-19 support for the Self-Employed be improved?

1

## Let new self-employed complete a tax return

Allow the self-employed without a 2018-19 Self-Assessment submission to make one for the 2019-20 tax year before May 5th, to make them eligible for a payment under the Self-Employment Income Support Scheme (SEISS) in June.

2

## Relax Universal Credit criteria

Relax the savings taper and threshold in Universal Credit during this emergency period to create access to basic social protection for all. Don't force self-employed people to erode savings that could be put into business recovery later on.

3

## Extend grants to the self-employed

Extend grant payments to home-based self-employed businesses to help absorb losses, manage cash flow and support 'pivoting' to trade digitally or in different goods and services. Pay special attention to self-employed people in seasonal industries whose profits fluctuate.

4

## Remove the mortgage holiday hangover

Ensure the three-month 'mortgage holiday' is available to all self-employed workers during lockdown and that deferred payments can be added to the mortgage term rather than increasing monthly payments soon after.

For more details, read our paper:



'Covid-19: Critique and Proposals To Develop More Comprehensive and Inclusive Support for the Self-Employed'

## **1. UK COVID19 POLICY: THE CASE FOR MORE COMPREHENSIVE AND INCLUSIVE SUPPORT FOR THE SELF-EMPLOYED**

The UK Chancellor Rishi Sunak has promised the self-employed they are 'not forgotten' and claimed that his headline programme – the Self-Employment Income Support Scheme (SEISS) – will protect 95% of those for whom self-employment is a main job. However, the policy excludes start-ups and, in an initial critique, we called for businesses without a 2018-19 Self-Assessment record (new businesses or those that did not become profitable until after April 6 2019) to have a chance to do their 2019-20 assessment early from April 6th 2020 for one month. This would then make them eligible for an SEISS payment in June 2020 (<https://www.enterpriseresearch.ac.uk/sunaks-self-employed-support-is-welcome/>). We also analysed Covid19 support for the self-employed in Germany and Denmark and found more comprehensive packages, supporting business costs and not just self-employed income (<https://www2.mmu.ac.uk/decent-work-and-productivity/news--events/story/?id=12081>).

Following further discussion and analysis, this document outlines in detail the support for income losses and business losses or cash flow problems available to four categories of self-employed worker under UK Covid19 policy: the established self-employed for whom self-employment is a main job; the new(ish) self-employed for whom self-employment is a main job; the self-employed as a second job, and; the established self-employed who grew their businesses so self-employment became their main job in 2019-20. See Tables 1-4 below. We estimate that nearly 1 in 5 of the self-employed – over 750,000 people - are excluded from the SEISS and that many of the unprotected will have low or no social protection under Universal Credit and the Employment and Support Allowance. This means that some have no pay during periods of Covid19 sickness and self-isolation, a situation that could undermine the social distancing strategy. Home-based businesses without premises have no access to grant support with business losses and, we argue, are likely to be reluctant to apply for the Business Interruption Loan Scheme or, indeed, to be eligible for this fund.

Our analysis exposes the acute vulnerability of some self-employed in households with small to modest incomes and savings. It also unveils the threat that the majority of very small home-based self-employed businesses face due to a lack of grant support with the

business losses and cash flow problems caused by Covid19. We suggest that, without further policy change, these problems will exacerbate inequalities in entrepreneurship. In Table 5 we offer testimony from some of the hard-working people behind the figures collected after they reached out to us following a BBC News interview on 28<sup>th</sup> March. Each message expressed that many self-employed feel abandoned or forgotten and vulnerable.

Below we first outline our policy proposals. We then detail our analysis to justify these proposals.

## 2. POLICY PROPOSALS

Four highly actionable policy fixes would enable the Chancellor to fulfil his aim to offer comprehensive support to the vast majority of self-employed workers and to enable them to come through the Covid19 crisis and thrive.

1. Entitle the self-employed without a 2018-19 Self-Assessment submission to make a 2019-20 submission during April 6-May 5 2020, thereby making them eligible for an SEISS payment in June 2020.
  - Also allow the established self-employed to submit their 2019-20 Self-Assessment statement during April 6-May 5 2020 where self-employment has become their main job during the period. Consider allowing an early submission for the self-employed whose profits increased significantly during 2019-20 so that their SEISS payment can more closely reflect their losses.
2. Relax the savings taper and threshold in Universal Credit during the Covid19 period to create access to basic social protection for all during a national emergency, and avoid the danger that the Covid19 crisis will unfairly erode the chance of future home ownership, business/recovery investment and comfortable retirement of the most vulnerable self-employed.
  - Ensure that SEISS payments in June do not disqualify Universal Credit claimants from payment in June 2020 by establishing a way of smoothing this payment across Universal Credit reporting periods.
3. Extend grant payments to home-based self-employed businesses to help absorb losses, manage cash flow and support 'pivoting' to trade digitally or in different goods and services.
  - Invest locally or via sector-based schemes for the home-based self-employed to provide additional support to seasonal self-employed workers whose SEISS payment will compensate for less than 80% of real income losses.



4. Ensure that mortgage holiday is available to all self-employed workers during lockdown and that deferred payments can be added to the mortgage term rather than increasing monthly payments during the Covid19 crisis and post-Covid19 business recovery periods.

### 3. THE BOTTOM LINE: HOW PROTECTED ARE DIFFERENT KINDS OF SELF-EMPLOYED?

#### 3a. Protection for Self-Employed Income

##### ***Almost Universal Protection***

- *Established self-employed as a main job* - income is well protected under the SEISS, at least for the period covered. This support is not means tested except to exclude earners over £50k. Households with modest incomes and savings are protected.

##### ***No or Partial and Conditional Protection***

- *New(ish) self-employed as a main job*, without a 2018-19 Self-Assessment return – exclusion from SEISS and, potentially, ESA leaves them vulnerable during periods of Covid19 sickness, self-isolation and lockdown. If they have a low household income and low or no savings they can claim Universal Credit. In households with modest income (e.g. a partner with a job) and savings over £6,000 they will receive reduced or no Universal Credit payment.
- *Established self-employed for whom self-employment is a second job or who have built their business for self-employment to become their main job in 2019-2020* – exclusion from the SEISS leaves them dependent on Employment and Support Allowance (£74.35 a week) for periods of Covid19 sickness or self-isolation and Universal Credit. Conditions for Universal Credit will leave some with low or no entitlement.

##### ***Mortgage Deferral – Uncertain Protection and Increasing Repayments***

- Mortgage deferral depends on local negotiations with lenders and there is some evidence that the self-employed and business directors are struggling to claim or being refused. Deferral will increase payments after the holiday period, when the self-employed are re-establishing businesses under Covid19 conditions.

**Table 1. Entitlement to the Self-Employment Income Support Scheme<sup>1</sup>**

<b>The Covid19 Support Entitlements of Different Types of Self-Employed Workers</b>	<b>Established Self-employed As A Main Job</b> Established self-employed (with a 2018-19 Self-Assessment in which self-employment is their main job)	<b>New(ish) Self-Employed</b> Business starters who did not turn a profit in 2018-19 (so had no Self-Assessment) or started in business after April 6 2019	<b>Self-employed As A Second Job</b> Portfolio workers for whom self-employment is a secondary source of income	<b>Established Self-Employed Who Grew Business To Be Their Main Job in 2019-20</b> Established self-employed (with a 2018-19 Self-Assessment return) for whom self-employment <i>became</i> their main job during 2019-20
<b>Estimates</b>				
Total Self-Employed with 0 workers in 2019: 4,457,820	3,646,778 82%	312,699 7%	329,883 8%	113,642 3%
Entitlement to Self-Employment Income Support Scheme (SEISS) (80% of profits, averaged over three years, for 3 months)	Included	Excluded		
Whose payment might be lower than 80% of real losses under SEISS?	Seasonal traders whose income peaks in the spring/summer  Businesses whose profits grew significantly in 2019-20			

<sup>1</sup> Based on Labour Force Survey April to June 2019 – calculations available on request from the authors. Population estimates include solo self-employed (without employees) who are registered or unregistered for PAYE or VAT.

**Table 2. Entitlement to Universal Credit, ESA and a Mortgage Holiday**

The Covid19 Support Entitlements of Different Types of Self-Employed Workers	Established Self-employed As A Main Job	New(ish) Self-Employed	Self-employed As A Second Job	Established Self-Employed Who Grew Business To Be Their Main Job in 2019-20
	Established self-employed (with a 2018-19 Self-Assessment in which self-employment is their main job)	Business starters who did not turn a profit in 2018-19 (so had no Self-Assessment) or started in business after April 6 2019	Portfolio workers for whom self-employment is a secondary source of income	Established self-employed (with a 2018-19 Self-Assessment return) for whom self-employment <i>became</i> their main job during 2019-20
Welfare support	Universal Credits			
Who is excluded from receiving Universal Credits?	Individuals whose family income is too high to be eligible for Universal Credit (e.g. a two adult family with children aged 5 and 7 paying a mortgage would exit Universal Credit if the self-employed person's partner earned over around £34,800 gross per year). <i>Estimate - entitledto.co.uk</i>  Savers with over £16,000 (e.g. a self-employed person with tax payments saved in a personal account, young people saving for a house deposit, business starters who saved to invest in business, businesses that need a rainy day fund to trade out of Covid19 and older people with retirement savings). Savers with £6,000-£16,000 will also have a reduced entitlement.  Homeowners – ineligible for the Housing Benefit element. (Work Allowance is higher for mortgage payers but they are still disadvantaged).			
Who can claim Employment and Support Allowance (ESA) for Covid19 sickness and self-isolation (£74.35 from April 2020)?	Included if paid sufficient National Insurance contributions*	Excluded	Established self-employed who have paid sufficient National Insurance contributions or who have met the NI contribution condition through their other job*  Newer businesses excluded if they have not met NI contribution conditions through their other job.	
Where can the self-employed turn for help with mortgage payments?	The Government has committed banks to providing a 3 month mortgage holiday to struggling customers. However, this is subject to negotiation with lenders and queries on the Which? Website ( <a href="https://www.whatmortgage.co.uk/feature/coronavirus-will-mortgage-payment-holidays-work/">https://www.whatmortgage.co.uk/feature/coronavirus-will-mortgage-payment-holidays-work/</a> ) suggest that the self-employed are over-represented among those struggling to access support or being refused help.  Note: Extra payments will mean increases to repayments immediately after the mortgage holiday period, when the self-employed will be re-establishing businesses under social distancing (i.e. during the Covid19 crisis).			

\*Class 2 National Insurance contributions were only due in 2018/19 when a person reports self-employed profits of £6,205 or over (2018-19). Low earners may also get National Insurance Credits (e.g. carers claiming Child Benefit).

**Table 3. Overview of Which Self-Employed are Vulnerable Under Covid19 Policy**

<b>The Covid19 Support Entitlements of Different Types of Self-Employed Workers</b>	<b>Established Self-employed As A Main Job</b> Established self-employed (with a 2018-19 Self-Assessment in which self-employment is their main job)	<b>New(ish) Self-Employed</b> Business starters who did not turn a profit in 2018-19 (so had no Self-Assessment) or started in business after April 6 2019	<b>Self-employed As A Second Job</b> Portfolio workers for whom self-employment is a secondary source of income	<b>Established Self-Employed Who Grew Business To Be Their Main Job in 2019-20</b> Established self-employed (with a 2018-19 Self-Assessment return) for whom self-employment <i>became</i> their main job during 2019-20
<p>So... who won't get any help at all with income during the Covid19 crisis?</p>	<p>No-one – all established self-employed for whom self-employment is a main job will get some help although this won't match 80% of losses for seasonal workers and businesses with profits growth in 2019-20.</p> <p>Whether individual homeowners will receive a mortgage holiday remains uncertain. Mortgage holidays cause increases to repayments during the recovery from the Covid19 crisis.</p>	<p>New(ish) self-employed who are not eligible for SEISS and whose moderate household income or modest savings make them ineligible for Universal Credits.</p> <p>They may not be eligible for ESA if they are not protected by a prior job or if they had low self-employed earnings in 2018-19 and so did not pay Class 2 National Insurance contributions.</p>	<p>Established self-employed who trade as a second job who are ineligible for SEISS and whose modest household income or savings makes them ineligible for Universal Credit. (Unless their employment makes them eligible for the Job Retention Scheme).</p> <p>Whether individual homeowners will receive a mortgage holiday remains uncertain. Mortgage holidays cause increases to repayments during recovery from the Covid19 crisis.</p>	<p>Established self-employed who grew their business to be their main job in 2019-20 who are excluded from SEISS and whose modest household income or savings makes them ineligible for Universal Credits.</p> <p>Whether individual homeowners will receive a mortgage holiday remains uncertain. Mortgage holidays cause increases to repayments during recovery from the Covid19 crisis.</p>

### **3b. Protection for Business Losses and Cash Flow Problems**

#### **Summary: No Grant Support for Most Self-Employed; Uncertain Lending/Reluctant Borrowing**

Larger self-employed businesses, with premises or staff and who charge VAT or pay business taxes will receive some support with business costs and cash flow from the Government's SME package under Covid19. The majority of the self-employed are home-based sole traders, however. They will only be able to apply for the Business Interruption Loan Scheme and may well find themselves ineligible or reluctant to borrow to invest in businesses that have suffered a serious knock due to Covid19 and face unprecedented uncertainty, and likely recession, following lockdown. In short, we expect that most of the self-employed will not receive any help at all with business costs or losses.

#### ***Support With Premises Costs – Relatively Well Protected***

The Small Business Grant Fund and business rate holidays will provide the self-employed with rateable premises with relatively good protection (although further analysis is required to assess costs vs. Small Business Grant payments).

#### ***Support with Furloughed Employees – Relatively Well Protected***

Via the Job Retention Scheme.

#### ***Support with Cash Flow – Better Protected for Larger Self-Employed Businesses But Short-Term***

Via deferral of VAT and business tax payments. It seems likely that most self-employed will not benefit from deferral of July 2020 Self-Assessment payments because full payment is usually in January 2020.

### ***Grants for Business Losses – Most Excluded, Modest Support in Retail and Hospitality***

Most of the self-employed will not receive grant payments towards the business costs lost due to Covid19 with the exception of business premises costs (see above). The exception is the Retail and Hospitality Grant Scheme but this only applies to businesses with rateable premises in those sectors, excluding most of the self-employed.

### ***Loans for Business Losses – Subject to the Terms of the Business Interruption Loan Scheme and Borrower Appetite***

Most of the self-employed will only be able to turn to the Business Interruption Loan Scheme for help with business losses. Many may find they do not meet the eligibility criteria in terms of having a viable business idea if it were not due to Covid19. This might be particularly so for businesses excluded from the SEISS due to their age or scale (as second jobs). Given the huge uncertainty around market conditions and the losses they face during the lockdown period, it seems likely that most self-employed traders will have a low appetite to borrow to invest in their businesses.

**Table 4. Supporting Business Losses, Cashflow Problems and Pivoting in Self-employed Businesses**

<p><b>Where can the self-employed turn for help with business costs?</b></p> <p>The business costs of the self-employed during the lockdown period can be significant as businesses absorb losses, manage cash flow problems and invest in 'pivoting' to provide a digital service or different goods and services. Costs may include rent, utilities (e.g. telephone, broadband, banking, energy) and business services (e.g. accountancy, insurance, IT), vehicle and equipment leasing, perishable or seasonal stock that cannot be sold in the future or will have to be discounted, and loan repayments. Cash flow problems may also arise for businesses carrying high amounts of stock. Businesses may be unable to invoice for labour invested in projects that were not completed due to Covid19 – e.g. event planning or goods or services development for events and consumption halted by lockdown. It can also be expected that small firms will suffer higher rates of late payment and payment default during the Covid19 period as their customers cease trading, slow administrative processes due to home working or cash flow problems and customer hardship.</p>	
<p><b>Key Schemes That Will Help Self-Employed</b></p>	<p><i>Business Interruption Loan Scheme</i> – available to sole traders and partnerships with a business bank account. Borrowers must meet the eligibility criteria of the British Business Bank which include a business proposition viable if it were not for Covid19. They can <b>borrow up to £5m</b> on a range of finance projects (all of which attract interest) and receive support with fees and interest for an initial period.</p> <p><i>Job Retention Scheme</i> – available to all employers with a PAYE scheme established by 28 Feb 2020, paying <b>80% of wages for furloughed staff</b> for up to 3 months from 1 March 2020. Employers can also claim for Statutory Sick Pay made to employees due to Covid19.</p> <p><i>Business rate holidays</i> for <b>businesses with rateable premises in retail, hospitality, leisure and childcare sectors.</b></p> <p><i>Small Business Grant Fund</i> – only available to <b>business with premises</b> that usually receive small business rate relief (SBBR), rural rate relief (RRR) and tapered relief. A grant of up to £10k through the Small Business Grant Fund.</p> <p><i>Deferral of VAT and business tax payments</i> for 3 months.</p> <p><i>Deferral of Self-Assessment payments</i> due on 31 July 2020.</p> <p><i>Retail and Hospitality Grant Scheme</i> for <b>businesses with rateable premises in retail, hospitality and leisure</b> of up to £25,000.</p>



**Table 4. continued.**

<p><b>Self-Employed Who Will Not Get Support With Business Costs</b></p>	<p><b>Home-based businesses:</b> the self-employed who do not have a rateable premises are excluded from rate reliefs, The Small Business Grant Fund and the Retail and Hospitality Grant Scheme.</p> <p><b>The most common form of self-employed – very small outfits</b> who do not have employees, pay VAT or business taxes: they cannot take advantage of the Job Retention Scheme or deferral of VAT or business taxes.</p> <p><b>Businesses in vulnerable sectors outside retail, hospitality, leisure and childcare</b> who are not protected by sector-based grant schemes.</p> <p><b>Businesses unable to demonstrate a viable business proposition if it were not for Covid19 (which probably involves strong recent performance) who may be rejected for the Business Interruption Loan Scheme:</b> this may include businesses adversely affected by Brexit and younger companies who were building profitability prior to Covid19.</p> <p><b>Reluctant borrowers:</b> the financial and social disruption of Covid19 and high risk of recession make borrowing a high risk activity for many businesses and it is understandable that there may be a low appetite for borrowing among the very small and vulnerable businesses owned by the self-employed. We know that women-led businesses are more reluctant to borrow but that this 'risk-aversion' can be well placed and make them good risks when they do borrow (Cowling et al., 2019). Women's enterprise may be particularly negatively impacted by the decision to give loans and not grants to most self-employed.</p>
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#### **4. MIND THE GAP: ENHANCE POLICY TO AVOID EXACERBATING INEQUALITIES**

A recent blog by the Institute of Small Business and Entrepreneurship's Gender and Enterprise Network outlined how women-led businesses are particularly vulnerable during the Covid19 crisis (<https://www.enterpriseresearch.ac.uk/stay-home-and-work-implications/>). This vulnerability arises due to the nature of their businesses (typically very small and home based), the fact that women's entrepreneur labour is always up for negotiation in families - and even more so under school and nursery closures - and because women are more reluctant to borrow to invest in businesses. Women's 'risk aversion' is rational: due to wider gender relations they tend to trade in sectors that are vital to the economy but are lower paid and have lower potential to grow. Some are using self-employment to create flexible work where this is unavailable in the job market or trading prior to a retirement that has been postponed due to increase to the retirement age (for more on women's enterprise see recently published State of the Art Reviews (<https://www.enterpriseresearch.ac.uk/our-work/publications/?type=sota-review>)).

Borrowing to invest in such businesses is not logical and women are likely to feel that it is even less so under the uncertain trading and economic conditions of Covid19. We expect, then, that women will have a lower take-up of Business Interruption Loans and have little or no entitlement to any other government support with business costs under Covid19 policy.

Where women trade as a second income in families, their household may have low or no entitlement to Universal Credit. And, trading under lockdown and investing in 'pivoting' to new opportunities will be difficult for mothers and daughters caring for elderly parents. It is likely that women business owners will suffer an erosion of the status of their businesses in families and networks during Covid19, as well as an erosion to their earnings and difficulty in covering business costs. Women are likely to work around the clock to juggle responsibilities but, despite this extreme effort, we expect that Covid19 will strike many women-led firms a serious blow.

Similarly, we expect that the government's current Covid19 policy will have a disproportionate effect on Black and Minority Ethnic (BAME) businesses. These tend to be under-capitalised and so will struggle to meet business and personal costs under lockdown.

The eligibility of refugee and migrant business owners for Covid19 support is not entirely clear to us, and also probably not to them; further analysis is required.

Finally, we are concerned about younger and older entrepreneurs. Both are more likely to have new businesses (as young people enter self-employment and the rate of self-employment has increased among older workers in recent years). Younger business owners saving to buy their first property will fall foul of the savings rules under Universal Credit. Older business owners with savings for retirement may similarly find themselves excluded from support.

In short, it seems necessary to run a rapid Equality Impact Assessment in relation to the Covid19 self-employment and SME policies in order to expose and ameliorate how they may exacerbate the already significant inequalities among the self-employed and SME business owners. We propose that our four policy proposals will support greater equality by extending support to newer and more 'non-standard' forms of self-employment and providing grant funding to home-based enterprises.

## 5. TESTIMONY RECEIVED SINCE TALKING ABOUT START-UPS AND COVID19 POLICY ON BBC NEWS

Below we select some of the testimony received via email, Twitter and LinkedIn since Prof Julia Rouse appeared on BBC News on 28/3/2020 and addressed the exclusion of start-up businesses from Covid19 support. All contributors have agreed to share their stories. Their thanks and congratulations are included as they speak to how forgotten this group of self-employed feel.

**Table 5. Testimony from (or on behalf of) the Vulnerable Self-Employed**

<p><b>Accountant to the Self-employed</b> (referring to Sunak's policy announcement). "I have an issue with his use of "net profits" (though I can see why as regards speed and simplicity). For some their gross profit (i.e. sales less direct costs) and their net profit may not be much different. However, for the typical stereotype such as the plumber, it takes no account of how he will continue to pay his overheads, such as say his white van monthly lease etc. I can imagine some self-employed having to choose between keeping themselves afloat and letting their businesses fail, if slowly, or not."</p>
<p><b>Family Business Owner.</b> "Firstly thank you for your interview on the BBC today. You said everything I've been screaming at my telly for a month. My wife and I quit our jobs 9 months ago and started an [IT business] together. We were invoicing in tiny sums for the first 6 months but things picked up a great deal at Christmas and we were profitable. All our income was (and still is) in our limited business account.</p> <p>Our clients are all (in hospitality and tourism). We aren't getting paid any invoices for work done in March, most of our clients are literally dead and gone, others are telling us we won't get paid for 6 months.</p> <p>I don't know what to do as we aren't covered by ANYTHING. We can't claim Universal Credit as we have some savings (we wanted to buy a house one day). We don't get grants for companies on small business rates relief as we don't rent a shop front, we code from home. We don't get mortgage relief [holiday] as we rent. We don't get self-employment £2500 as we only started last year. We don't get PAYEE support because, despite me registering on the 10th of march and intending on paying a quarter of pay to my wife, paying all forms of tax etc., we weren't in their system by 28th of Feb (calls into question if anyone thought of quarterly pay runs at all).</p> <p>So we get zero, we have zero income. Our current plan is to just take all the money and fold the business...I was close to suicide the other night I was so stressed."</p>
<p><b>Sole Trader.</b> "I hope you are well I saw you on the news today and wanted to thank you for sticking up for people like me. I have filed 3 tax returns and worked until last year a mix of PAYE and freelance work. Sadly my PAYE (employment) is more than my freelance during those years so I don't qualify for anything. My partner is in the same position. This tax year we have both been fully freelance and earned good money but as they won't accept the new tax return we can only get universal credit. I am sure you have loads of people writing to say this but I wanted to share. Thanks for doing what you are doing!</p> <p>It's so hard because it took me three years to become fully freelance like most people it's hard to live off just being freelance so they have to take a PAYE job too. It's seems so unfair that because you have done both you can't have either scheme [she is not eligible for the Job Retention</p>

Scheme as she is no longer employed]. Thanks for fighting this it's a really scary time for loads of people."

**Sole Trader.** "I completed a 3 year apprenticeship last July and went self- employed (electrician) so I've never completed a tax return, been saving for a house since I left school and have more than £16,000 so can't get Universal Credit. I can't get a penny and I will still have to pay back this money when all this is over! So unfair! Do you know if there's any chance of the government looking into this further or is that it now? I appreciate the work you're doing. Thanks."

## **6. WHAT ABOUT SUPPORT FOR MICRO-BUSINESS DIRECTORS AND EMPLOYED BUSINESS OWNERS?**

Micro-businesses (with 1-9 employees) can be directors of their businesses who take their income as dividends and/or business employees. Our analysis is focussed on Covid19 policy for the self-employed although in some of the testimonial above people had mixed or undecided status. We hope that protection for business directors and employed business owners under Covid19 will be analysed and advocated by other academics and business support organisations. Campaigns to protect business directors are certainly in evidence. We hope that employed business owners can be supported under the Job Retention Scheme although this should not prohibit them from operating skeleton trade.

April 2 2020

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