

# Support for the self-employed: specialist insurer warns that PSC contractors won't benefit

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Following last week's announcement that the government is introducing a Coronavirus Self-employment Income Support Scheme (<https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>), specialist insurance broker, Kingsbridge (<https://www.kingsbridge.co.uk/>), has welcomed the help it will offer some contractors, but warned that those working through a Personal Services Company (PSC) will not benefit.

Through the initiative, individuals may be eligible to receive a grant for 80% of their average monthly profits up to £2,500 a month.

It is estimated that 3.8m of the 5m self-employed workers in the UK will be covered through the scheme – however, company owners who pay themselves a dividend will not be covered.

In addition, it will only be open to those with a trading profit of less than £50,000 in 2018-19, or an average trading profit of less than £50,000 from 2016-17, 2017-18 and 2018-19. Those who are recently self-employed and do not have a full year of accounts will also not receive any help under this scheme.

On the announcement, Nicola Hayman, Legal Manager at Kingsbridge, commented:

“While the package for self-employed workers that the Chancellor has unveiled will no doubt be welcome news for many sole-traders, it is likely that over a million self-employed professionals across the UK will fail to benefit from the scheme – and that includes most limited company contractors.

“Yes, those who pay themselves a PAYE salary will have 80% of that covered by the Coronavirus Job Retention Scheme. But, in reality, that amount is often likely to be a small percentage of what these professionals need to sustain themselves and their businesses – particularly during this difficult time.

“Once again, government policy has demonstrated little parity between how self-employed and employed individuals are assisted: employed individuals will benefit from government support regardless of their income or length of tenure, while self-employed individuals will have to hit strict criteria to receive a grant. As is often the case, the line which divides those who are genuinely in business on their own account is clear.”

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