

Help for the self employed

Yesterday I sent the letter beneath to the Chancellor:

Dear Rishi

Thank you for developing and announcing a scheme to ensure many people currently self employed will receive an income top up from the state during a period when many of them are not allowed to work or are experiencing a big decline in activity over the virus restrictions. I am pleased you settled on ensuring 80% of past income up to a ceiling.

There are, however, some people in need that your scheme does not help at all. Will you please ensure that someone who has set up a self employed business more recently and who depends on that income is also covered? They should be paid on the basis of what they were earning on average per month in the period after start up, if the start up was before the beginning of 2020 and the start of the virus.

There are self-employed people who run their own small companies and paid themselves in dividends. Where they do not have other material accessible assets and are clearly living on the income from their self employment, they too should be able to claim assistance.

I understand your concern to avoid fraud. In these cases I suggest self certification in the claim, to be followed later after the immediate crisis by HMRC random sample testing of the sound basis of claims and of course follow up by HMRC in specific cases where fraud is suspected. HMRC should be able to impose tough penalties and to publish fraudulent conduct as a further penalty for the few cases where crooks abuse the system.

Yesterday's scheme is also delaying payments until June. Many self-employed people on modest earnings do not have large cash buffers waiting to pay all their family bills for three months. One of the main reasons given for the delay was the need to allow more self-employed people to submit tax returns. It seems unfair on the large majority who have done so to hold everyone up for this, so why not get on with dealing with all of those who have filed and give them earlier payments.

I do not agree with you about the possible need to tax the self employed more when this is over. Self-employed do not get the same benefits as employed. Giving them a scheme now for these quite unprecedented and we hope not to be repeated circumstances does not equalise their treatment generally. At a time when we wish to care for people being put through extreme financial distress by government actions taken on health grounds, they as taxpayers have as much right to help as anyone else.

Your general statement of aims and your understanding of the importance of the self employed was great. Please persuade your officials to make the scheme friendlier to the sector as a whole which serves us well and will be

needed again soon.

Yours

John