



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

16 June 2020

Dear Mel,

At Prime Minister's Questions on Wednesday 3 June I said that I would write with more detail following my response to your question about whether those who remunerate themselves via dividends will receive further income support as part of the COVID-19 income support package.

As you are aware, we have put in place an unprecedented package of support for those adversely affected by COVID-19, including support available to those operating through their own company. Those who pay themselves a salary through their own company are eligible for the Coronavirus Job Retention Scheme. It is available to employers, including owner-managers, and individuals paying themselves a salary through a PAYE scheme are also eligible. Where furloughed directors, including companies with a sole director, need to carry out particular duties to fulfil their statutory obligations, they may do so provided it is no more than would reasonably be judged necessary for that purpose.

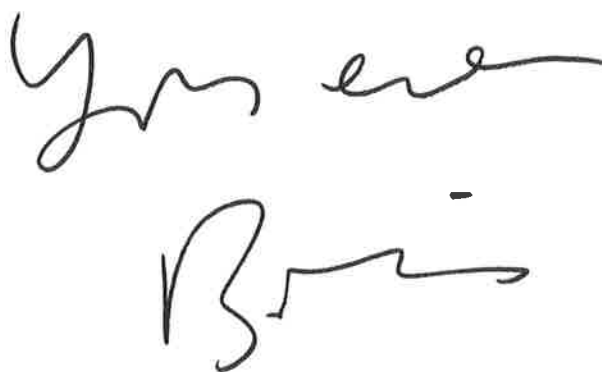
We have worked with stakeholders and carefully considered the case for providing a new system for those who pay themselves through dividends. Targeting additional support for those who pay their wages via dividends is much more complex than existing income support schemes. Unlike announced support schemes, which use information HMRC already holds, it would require owner-managers to make a claim and submit information that HMRC could not *efficiently or consistently verify to ensure payments were made to eligible companies*, for eligible activity.

There have been suggestions that HMRC could adopt a 'pay now, clawback later' approach. However, such an approach would be highly resource-intensive to ensure appropriate compliance, and there is a high risk that incorrect or fraudulent payments could not be recovered, ultimately at the cost of UK taxpayers.

For these reasons we will not be extending the Self-Employment Income Support Scheme or Coronavirus Job Retention Scheme to cover dividends. You may also be aware that the Chancellor of the Exchequer has said there will be no further extension or changes to the Self-Employment Income Support Scheme or Coronavirus Job Retention Scheme.

Thank you, once again, for raising your question.

I am sending a copy of this letter to the Chair of the Liaison Committee.

A handwritten signature in black ink, appearing to read "Boris Johnson". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.