

Written evidence submitted by Sharon Jenson (Childminder, Manager and Director at Sharon Jenson Childminding Service Ltd)

Reasons for submitting evidence

- HMRC eligibility checker states I'm eligible for the SEISS but I cannot claim it as I'm technically not eligible now I'm trading as a Ltd company.
- Initially given incorrect information and claimed the SEISS. Money is still in my account. Am waiting to be contacted by HMRC with instructions on how to repay it.
- Not entitled to any other grants as I don't qualify under the strict criteria specified.
- Forced closure and unfair treatment of a sector that was told it would be compensated.

I have been a registered childminder for 8 years. 7 of those years I traded as self-employed. In April 2019 I changed legal entity and set myself up with the help and advice of an accountant as a LTD company.

In March 2020 I was advised by the Government I must close my business due to the spread of Covid-19 unless I had any key worker's children. I had two keyworkers but they had another parent/partner working from home. Local authority advice was that the child should stay at home if at all possible.

I messaged all the parents asking if possible if they were still receiving full pay themselves, to continue to pay me as I was unsure how long I would be closed for and how we would cope with paying our bills without any income. My husband is a self-employed handyman and his work stopped completely as people were fearful in allowing anyone near their home.

Over the coming weeks it was apparent that the government were planning on helping everyone to ensure they could protect their health whilst not having to worry about paying bills and surviving.

There was no mention of help for the self-employed for a couple of incredibly worrying weeks although employed people were covered straight away. Then an announcement came and we had huge relief that at last we would be helped. The average profit had to be under 50k and I calculated that my profit fell just under this amount. I was so relieved and felt we would be alright. Only on listening to the fine print of eligibility did it become apparent that as a Ltd company director my business did not qualify.

Over the next few weeks we were hoping that all of the people that had been missed would be helped in some way. I don't qualify for a CBIL as I don't have existing business loans. I couldn't furlough myself as I was still receiving a small amount of Funding for 3 year olds in my care, I don't pay rates so could not access a small business grant, I don't have fixed rent or business mortgage payments so could not access the LA discretionary grant. All I was eligible for was a Bounce Back Loan. I was successful in obtaining one but now have debt for the next six years to pay off.

I received a letter telling me I was eligible to make a claim for the SEISS based on my last three years tax returns as a sole trader. I also went online to the eligibility checker and it said I could make a claim. It stated you must be continuing to trade, which I am in exactly the same job but purely as a different legal entity. I contacted HMRC both by phone and webchat to clarify if I could make a claim as I didn't want to do so fraudulently and was very clear to mention that. Someone on webchat said the system would not let me make a claim if I wasn't eligible and someone on the phone said as long as I was still being paid a salary by the business that I could claim the SEISS grant.

I claimed the grant that evening. It was only on further research that I discovered as a Ltd company director the guidance states you cannot be classed as self-employed and therefore cannot claim it. I contacted HMRC again the following day and was told that I should not have claimed it. I was advised someone would contact me to let me know how to repay it. This news was devastating to me and my family. I was told by the HMRC representative that I had been given incorrect information by the other two people. The reason being that HMRC were inundated with enquiries and needed to employ people from other areas not specifically trained on tax and how the grants work for different legal entities.

In the meantime the CMA became involved in dealing with complaints from people regarding having to pay for a service during lockdown that wasn't available. I had asked my customers to continue to pay me where possible as we had no other income. It became clear I would need to refund what had been paid to me somehow to head off any possible complaints and potential legal action for unfair fee charges. I'm now open and available to work but only working at half my normal rate to repay those parents that continued to pay me in full for April and May 2020. This will only refund the fees I received by most to 50% which I believe to be fair to retain a future space but we were also advised that our contracts during this force majeure event are null and void. I lost a customer straight away, £1000 per month to me and have subsequently lost two further customers. I've found it difficult to encourage all of the parents to send their children back to me as many are fearful regarding the spread of infection still within any setting where larger numbers of children are mixing.

My monthly income has halved and my ability to save for any tax has been taken away. I have had to save most of the BBL to pay for my future tax and the rest was used to pay off another loan and a credit card I used to buy our weekly food shopping when first closed. We were lucky enough to put

a hold on our mortgage, car finance and a loan for a three months but most of these things are due to return over the next couple of months.

I have had to spend a lot of extra money on my business during this time whilst earning a lot less. The Department for Education have advised we should encourage outdoor play as much as possible and I have bought extra resources. We must clean a lot more regularly during the day rather than just at the end of the day. I have had to buy extra cleaning products, hand sanitisers, anti-bacterial soap, extra kitchen roll for hands to be dried, PPE should a child fall ill in my care, a no-touch thermometer, an outdoor washing station to enable children to wash their hands before entering my setting whilst also continuing to incur the usual business costs of accountancy costs, Ofsted costs, insurance and advertising costs, increased house and car insurance costs to name but a few. All this and still no offer of help for me purely based on my business's legal entity. The reason the government gave for not being able to help Ltd companies was that they cannot tell the difference between dividends paid as shares and dividends paid to Ltd company directors. For the claim period in order to qualify for the SEISS it's easy to see what I was paid as I wasn't even paid in dividends then. It can be very clearly seen from my sole trader tax returns. It can also be seen that to qualify for the maximum £2500 per month that I have paid an awful lot of tax during those three qualifying years.

I have worked continuously since the age of 19. I was employed in banking for nearly 19 years and then took a leap of faith and set myself up as self-employed in 2012. Never having to claim benefits since my first job and always paying into the tax system. My business has gone from strength to strength and before this forced closure I was operating at full capacity with new children due to start as others were leaving. My business was thriving and now owing to the forced closure its future is uncertain. I feel if I had been given the grant help of other self-employed people I would be in a much better financial state.

My mental health over this period has suffered tremendously. With sleepless nights, anxiety and constant worry I have found it hard to comprehend how and why I would be ignored and given no help through no fault of my own.

I cannot believe that right at the start of this forced closure that the Prime Minister said my sector would be compensated but he actually meant that only a few people would be compensated, far from everyone.

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