

Written evidence submitted by Gergana Petrova

Gergana Petrova, Registered Self-Employed, worked in the events' field as a freelancer paid both via PAYE and invoices, higher "non- trade" profits than the trade ones (PAYE), the main agency I used to work till September 2019 refused to furlough and I am ineligible for SEISS and UC I have been without income since March. (Except for the £58 furlough sum paid by an agency I worked for just for few days)

*What problems (if any) are individuals facing in claiming support from the Job Protection Scheme and the Self-employment Income Support Scheme?

The problem faced is that I am ineligible for any kind of support and not furloughed.

I have been working as a freelancer in the event's and promotions sector in the last years. Even if I am registered self-employed, most of my earnings were paid by PAYE as requested by HMRC: <https://www.gov.uk/hmrc-internal-manuals/employment-status-manual/esm2012>.

I found to be ineligible for SEISS as more than 50 % of my earnings are from PAYE but the agency, I worked for mostly till September last year did not furlough me. Another agency furloughed me for the £58 covering all the three months. This was my only income since the beginning of March 2020 The PAYE contracts in the event's sector are usually short , even just for a day or zero hours – still acting as SE, because looking for different jobs and choosing contracts and PAYE acts as a method of payment not as a employment status declaration.

*Is the Government doing enough to ensure that businesses and individuals are claiming appropriately and that fraudulent claims are detected?

I believe the government is excluding millions of honest and hardworking business owners but leaving the scheme open to fraudsters.

Self-employed freelancers, PAYE freelancers, newly self- employed, small LTDs are prevented of claiming support because they are potential fraudsters according to the Chancellor, but the disparity when allocating grants to some businesses and employees has not been questioned. Also, there are claims about huge number of people asked to work during furlough:

<https://www.bmmagazine.co.uk/news/third-of-uk-employees-asked-to-commit-furlough-fraud-in-lockdown/>

<https://www.personneltoday.com/hr/furlough-fraud/>

Regarding SEISS, the definition of what is adversely affecting the business during the COVID-19 crisis, it is unclear and leaves the system open for fraud.

The sensible thing to do would have been to guarantee income and means of survival to everybody in need and prosecute eventual fraudsters at later date rather than accuse 3 million of being such. (Number taken from www.excludeduk.org)

*Has the Government struck the right balance between targeting support and making it easy to access?

No, it has made it impossible to access help for 3 million people, unfair for who was able to access some support as based on earnings from previous years, penalizing that way people for their past income. This works both ways- people with lower earnings were assigned minimal grant if any, or people that had inflated earnings because they saved money, got money from careers allowance, inheritance and others, had their non-trade profits exceed the trade ones, so wouldn't qualify for SEISS. Or people paid by means imposed by HMRC (PAYE self-employed). They state UC would cover who was left out, but many are not eligible for range of reasons. It is also deeply unfair that these people should use their own savings, sacrifices not asked to employees and rest of the businesses. There has not been achieved balance at all, it is all or nothing type of scheme.

*Where has Government support been too generous and where has it not been generous enough?

The scheme only deepens existent inequality and creates new divide. Not generous enough as left out millions. Some people are expected to rely on their own savings if have any, on family and friends, food banks or get into debt. Support has been nonexistent in my personal case as PAYE Self-employed, and nonexistent or not enough in the case of the other 3 million people- Freelancers, on parental leave, Small LTDs, People that are shielding and eligible for only SSP.

The requirement to base the economic support on earnings from past years limits the amount of grant even when eligible for SEISS- in case of lower earning for different reasons ranging from health to change of business or job. In case of higher non-trade profits not only PAYE payments affect the eligibility, but also redundancy payments, bereavements, parental allowance and even career's allowance.

*How successful has the Government been in plugging the gaps in the schemes?

Completely unsuccessful and clearly not interested to plug them.

*What gaps in coverage remain and are changes required to increase their effectiveness?

Gaps in the coverage include (non-exhaustive list): People not furloughed because:

Employer/employers not willing to furlough- the case of PAYE freelancers some of them ass in the events, theater, broadcasting, media, and creative sectors work on short contracts, zero hours contracts and for more than one agency- there is no single “employer” as they act as Self- Employed by finding work contracts.

[https://www.thelondoneconomic.com/opinion/we-are-not-all-in-this-together-the-forgotten-freelancers/People 01/06/](https://www.thelondoneconomic.com/opinion/we-are-not-all-in-this-together-the-forgotten-freelancers/People%2001/06/)

<https://bectu.org.uk/news/changes-to-income-support-schemes-fail-to-provide-for-freelancers-again-says-bectu/>

People not on the payroll for various reasons like the HR missed the cut off date not knowing it was going to be the deadline (19th of March). People made redundant on 2nd of March and employer not interested in furloughing them. People that left their job before 27th of February with intention to start new job in April.

Public sector employees

BBC freelancers, Bank nurses

<https://leftfootforward.org/2020/05/the-bbc-and-government-are-failing-payee-freelancers/>

<https://www.broadcastnow.co.uk/home/bbc-freelancers-seek-furlough-as-scheme-closes-to-new-entrants/5150458.article>

<https://forums.moneysavingexpert.com/discussion/6145393/can-agency-nurses-be-furloughed>

<https://forums.moneysavingexpert.com/discussion/6132721/nhs-bank-staff-furlough>

Company Directors paid annually via PAYE at the end of the tax years are not included as they were not in the RTI on 19th of March.<https://www.telegraph.co.uk/money/consumer-affairs/thousands-directors-unfairly-left-furlough-scheme-extended/>

An LTD Company Director paid via PAYE faced the choice to furlough themselves and not work at the end of the lockdown or be ready to get new jobs at the end of the lockdown but not furlough.

SEISS: Newly Self-employed are excluded even if they started their business in 18/19

Still SE registered with higher PAYE earnings than invoiced- so called trade earnings, ineligible for SEISS.

SE with non-trade profits exceeding the trade ones in the 3 previous tax years – even if from but also redundancy payments, bereavements, parental allowance and even career's allowance.

<https://www.moneysavingexpert.com/news/2020/04/self-employed-help-coronavirus/#accordion-content-1511254860-6>

Self-Employed with profits more than £50,000

Directors of companies non in profit

Directors paid in dividends.

Other groups that were not vulnerable but may have now be in that category as British Citizens returning from other countries and put on the list excluding them of access to UC. These people if not furloughed, with their own savings or eligible with SEISS are left without any support.

*How should the Government prioritise which continuing sectors and groups to support as time goes on and ongoing support is needed?

The Government should prioritise the group of excluded people and businesses by assigning flat rate, backdating from 1st of March grants. Business and individuals that cannot resume their business at a normal rate, shielded business owners and employees, on paternity leave and vulnerable in general should continue to be supported.

*What will be the impact on inequalities within society and how should the Government address inequalities that may have been exacerbated by the crisis?

Millions excluded from SEISS, not furloughed, ineligible for UC, expected to use their savings whilst part of the business obtained SEISS with almost no questions have already started to deepen the inequalities and create resentment against each other and against the Government. Many of the excluded business will close and let go employees that were previously furloughed, and this will increase the division. Still: The Government should prioritise the group of excluded people and businesses by assigning flat rate, backdating from 1st of March grants.

*What are the potential future implications for tax and spending?

Businesses not eligible for any financial help will be unable or unwilling to pay any tax (tax probably to increase to cover the spending during the Covid -19 crisis), combined with business unable to meet their operational costs without any or further grants and

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the possibility to be open and earn, might lead to mass closure of previously healthy companies or they are going to relocate.

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