

Awarding idleness benefit to self-employed (3/17/20)

The Cabinet of Ministers' regulation No. 179 on the idleness benefit for self-employed persons affected by the spread of COVID-19 came into force on 3 April 2020. An annotation to the rules says they aim to prevent self-employed persons from losing all of their income and subsistence through the COVID-19 crisis, and the rules describe how the self-employed qualify for an idleness benefit. This article explores the eligibility criteria for a self-employed idleness benefit, how to apply for it, how much is due and for how long, as well as criteria that prevent the self-employed from receiving it.

Who is eligible for a self-employed idleness benefit

The new cabinet rules provide that a self-employed idleness benefit is available to individuals meeting these criteria:

- they are registered as traders with the State Revenue Service (SRS) and
- they have paid national social insurance (NSI) contributions –
 - as self-employed,
 - as recipients of royalties whose monthly income from royalties is at least €430,
 - as self-employed payers of microbusiness tax, or
 - as sole traders;
- they earned no income from business during the idle period.

It is important to note that after 14 March 2020 these persons have earned no income from business during the idle period. This has already attracted criticism because the rules fail to protect any self-employed persons whose income has dropped significantly but is not lost altogether.

Applying for a self-employed idleness benefit

A special application should be filed with the SRS EDS by 25 April to receive an idleness benefit for 14–31 March. To receive it for later periods, an application should be filed via EDS by the 25th day of each following month.

The application should –

- state the idle period and explain how the idleness was caused by circumstances arising from the crisis;
- confirm that no income was earned from business during the period;
- confirm that the person is not on sick leave.

The SRS will publish a list of the self-employed persons having received an idleness benefit in the COVID-19 section on their website. Details of how to file an application via EDS can be found [here](#).

The amount and duration of a self-employed idleness benefit

The amount of an idleness benefit is based on data the self-employed has reported to the SRS, and this amount is exempt from taxes. Regardless of the self-employed person's past income, the benefit is capped at €700 per calendar month.

An idleness benefit is calculated as follows:

- for self-employed payers of microbusiness tax – 50% of the taxpayer's average monthly revenue from business for the last two closed quarters (the second half of 2019);
- for other self-employed – 75% of the person's average income subject to NSI contributions in the last two closed quarters (the second half of 2019).

A self-employed idleness benefit may be awarded for the period running from 14 March to 14 May but not going past the expiry date of the Cabinet of Ministers' decision on the emergency situation, provided the self-employed has not stopped their idleness and is earning no income from business.

Criteria denying a self-employed idleness benefit

The cabinet rules strictly define a total of 17 cases in which an idleness benefit will not be awarded. Here are key examples of ineligibility:

- the self-employed is simultaneously an employee that has received more than the minimum wage from their primary employment, or is employed by a company that is not idle;
- the self-employed has registered a trade or business after 1 March 2020;
- the self-employed has received an idleness benefit through an employer affected by the crisis.

Paragraph 10 of the cabinet rules lists other cases in which an idleness benefit is not available.