

## Tax Notes

# Self-Employed: Am I Eligible for Unemployment Compensation Due to COVID-19?

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Three million Americans filed for unemployment insurance between March 14 to March 21, 2020. After unprecedented employment, we are now facing unprecedented unemployment with some forecasting that 47 million jobs will be lost due to the coronavirus. Even before the President declared a national emergency, small businesses with fewer than 50 employees had a drop of 90,000 employees in the first two weeks of March – those companies with less than 20 employees being the hardest hit.

Unemployment insurance benefits have been a safety net for many individuals facing the loss of their job. However, they have not been available to those individuals who are self-employed and do not collect a traditional paycheck. 100% owner-shareholders of an S-Corporation who do not take a salary, LLC members who report self-employment income, and sole proprietors are among those ineligible to collect unemployment.

### Enter: PUA

The CARES Act offers several notable provisions that may be of interest to the self-employed. S-Corporation income is not considered self-employment income. The Pandemic Emergency Unemployment Compensation (PEUC) provides for an additional \$600 per week in unemployment insurance benefits through July 31, 2020. In addition, the program provides 13 weeks of unemployment insurance to those who've either used up their benefits or don't meet the eligibility requirements.

The Pandemic Unemployment Assistance Program (PUA) provides up to 39 weeks of benefits for people who qualify for regular unemployment compensation. The PUA program was added under the umbrella of federal unemployment assistance **to include the self-employed, 1099-independent contractors, gig and low-wage workers and anyone who was ineligible but has experienced specific COVID-19** circumstances and allows them to collect now.

The benefits are administered through the state system as authorized by the Secretary of Labor. The minimum benefit would be based on 50% of the state's average weekly benefit amount (for New York, this could be \$172-\$182 per week). The PUA program is retroactive to January 27, 2020 and will conclude on December 31, 2020 barring any extensions. The usual first week waiting period is also being waived.

If you are eligible for state unemployment insurance (UI) under your state requirements you are not eligible for PUA.

### Application

The application is done through your state's Department of Labor – Division of Unemployment Insurance. You must self-certify that you are unable to work/telework or generate revenue as a direct result of the COVID-19 national emergency or specifically as a result of one of the following circumstances:

- You have been diagnosed with COVID-19 or have symptoms of it and are seeking diagnosis;
- A member of your household has been diagnosed with COVID-19;
- You are providing care for someone diagnosed with COVID-19;
- You are providing care for a child or other household member who can't attend school or work because it is closed due to COVID-19;
- You are quarantined or have been advised by a healthcare provider to self-quarantine;
- You were scheduled to start employment and do not have a job or cannot reach their place of employment as a result of a COVID-19 outbreak;
- You have become the breadwinner for a household because the head of household has died as a direct result of COVID-19;
- You had to quit your job as a direct result of COVID-19;
- Your place of employment is closed as a direct result of COVID-19

In the case of New York, the application is the same as the standard claim. Some of the questions are not intuitive so here is a [guide](#) to the correct answers for those questions.

### Contact Us

PKF O'Connor Davies is monitoring the situation and will keep you informed. If you have any questions, please contact your client services team at PKF O'Connor Davies or either of the following:

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