

## Self-employment

If you have an idea for a business or you have a skill or competency that could lead to being self-employed then there are some social welfare supports that provide an initial income whilst developing your business:

### Back to Work Enterprise Allowance

The Back to Work Enterprise Allowance (BTWEA) is a scheme available to people who want to become self-employed and have been receiving certain social welfare payments for at least twelve months. You must be setting up as self-employed in a business that has been approved in advance in writing by a DSP case officer or Local Development Company (LDC). Time spent on One Parent Family Payment, Jobseeker's Allowance, Jobseeker's Allowance Transition, Jobseeker's Benefit, Disability Allowance, Carer's Allowance, Widow's Pension, Invalidity Pension and Blind Pension can count towards this twelve month period. You can also apply for BTWEA if you have been receiving Illness Benefit for three years or more.

Time spent on Supplementary Welfare Allowance or in Direct Provision can count towards the qualifying period for BTWEA as long as you establish an entitlement to a relevant payment before starting the BTWEA.

Periods of time spent in Further Education & Training and Failte Ireland training courses, Community Employment, Tús, Social Economy Programme, Job Initiative, Rural Social Scheme, VTOS, Teagasc, FIT and Back to Education Schemes are accepted as qualifying periods provided you were entitled to a qualifying payment before starting on the study or training.

If you qualify for the Back to Work Enterprise Allowance you can keep a portion of your social welfare payment, including increases for qualified children, for a maximum of 2 years. You can retain 100% of your payment for the 1st year and 75% for the 2nd year.

You can keep any secondary benefits, such as Fuel Allowance, Medical Card and the Back to School Clothing & Footwear Allowance, while you are receiving BTWEA but any income from your business will affect your Rent Supplement payment, if you are living in private rented accommodation and getting this payment. If you are in council housing, the BTWEA will not impact on the amount of rent you pay.

You do not have to pay tax, PRSI or Universal Social Charge on the Back to Work Enterprise Allowance but you may have to pay tax, PRSI and Universal Social Charge on any income you get from self-employment. However, you can claim Start

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Your Own Business Relief from Revenue if you are getting the Back to Work Enterprise Allowance. This scheme provides a two-year exemption from income tax (up to a maximum of €40,000 per year) for people who have been unemployed for at least 12 months before starting their own business.

Application is made to your local Intreo centre or Local Development Company or Partnership, if there is one in your area.

### **Short Term Enterprise Allowance**

The Short Term Enterprise Allowance is available to people who are receiving Jobseeker's Benefit and wish to start their own business. You do not have to be receiving Jobseeker's Benefit for a specified period of time to qualify. You cannot avail of the STEA scheme if you are receiving any other type of social welfare payment.

Short-Term Enterprise Allowance is paid instead of your Jobseeker's Benefit for a maximum of 9 months. It ends when your entitlement to Jobseeker's Benefit ends (that is at either 9 or 6 months). The STEA will be paid at the same rate as your Jobseeker's Benefit, including any increases for child dependants.

You will need to prepare a business plan and have it approved in advance

The Short term Enterprise Allowance is not subject to PRSI or Universal Social Charge but it is taxable, however there may be a tax exemption under the Start Your Own Business Relief for those who have been unemployed for at least 1 year prior to starting their own business.

### **Enterprise Supports**

If you have a business idea and want to look at developing it then further information and support is available from your local enterprise office, which are available regionally:

[www.localenterprise.ie](http://www.localenterprise.ie)

If you live in an area that has a Development Company then there may be an Enterprise Officer who can give advice and support on starting a new business. Further information is available at:

[www.ildn.ie](http://www.ildn.ie)