

Collecting Unemployment When You're Self-Employed

Can you [collect unemployment](#) if you are working as a freelancer, independent contractor, or self-employed individual running your own business?

In most cases, self-employed workers, [independent contractors](#), and freelance workers who lose their income are not eligible for unemployment benefits. It's still worth looking into, as you may be eligible depending on your circumstances.

However, the federal government is expanding benefits to cover self-employed people and gig workers. Once legislation is approved, information on how to qualify and collect benefits will be available.

Pandemic Unemployment Benefits for Self-Employed Workers

Unemployment Benefits

The federal and state governments are expanding sick leave and unemployment benefits and working on legislation to help impacted independent workers.

The stimulus bill, which is expected to pass this week, will include expanded unemployment benefits. Senator Chuck Schumer says, "The extended UI program in this agreement increases the maximum unemployment benefit by \$600 per week and ensures that laid-off workers, on average, will receive their full pay for four months. It ensures that all workers are protected whether they work for businesses small, medium, or large, along with self-employed and workers in the gig economy."

In addition, if approved, the legislation will continue unemployment benefits for an additional 13 weeks beyond a state's maximum weeks of unemployment.²

Tax Credits

The Families First Coronavirus Response Act provides a refundable tax credit for eligible self-employed individuals who must self-quarantine, obtain a diagnosis, or comply with a self-isolation recommendation for coronavirus.

Standard Unemployment Benefits for Self-Employed Workers

Because employers contribute to a fund for unemployment benefits, their employees are eligible to receive benefits from the government, if they qualify after losing their job. If you are operating as self-employed, you most likely didn't pay into your state's unemployment fund.

If you were paid as an independent contractor and receive a [1099 form](#), you were not considered an employee and would not be eligible for unemployment. That's because eligibility for unemployment is based upon being employed by an organization that was paying into the [unemployment insurance](#) fund.

Freelancers Relief Fund

The Freelancers Union has launched the [Freelancers Relief Fund](#). The fund will provide up to \$1,000 to freelancers who are experiencing sudden hardship as a result of the COVID-19 pandemic. Applications for funding will open on April 2, 2020.

Disaster Unemployment Assistance

If you were unemployed as a result of a major disaster, you may be eligible to receive [Disaster Unemployment Assistance](#). The federally funded DUA is designed to provide assistance to workers who become unemployed as the result of a presidentially declared major disaster, and who are ineligible for other unemployment benefits.

Check Your Eligibility

Eligibility varies from state to state, so if you're not sure whether you're eligible, check with your [state unemployment office](#) to find information about who can collect unemployment compensation, and how to go about filing a claim.

When you become unemployed, it's a good idea to check if you may be eligible for benefits right away. It can take time to begin receiving benefits if you do qualify, so you should file your claim as soon as possible.

Self-Employment Assistance Program

[The Self-Employment Assistance Program](#) is a federal government endorsed program which offers unemployed or displaced workers in some states unemployment benefits when they are starting a business. The Self-Employment Assistance program pays a displaced worker an allowance, instead of regular unemployment insurance benefits, to help keep them afloat while they are establishing a business and becoming self-employed.

Collecting Unemployment When You're Self-Employed

<https://www.thebalancecareers.com/can-i-collect-unemployment-if-i-m-self-employed-2064148>

Self-Employed Eligibility for Disability Insurance Elective Coverage

https://www.edd.ca.gov/disability/Self-Employed_Eligibility.htm