

COVID-19: Support for the self-employed

Self-Employment Income Support Scheme



The impact of the Coronavirus has been far reaching and hard hitting. The Government is working hard to protect the UK's economy and its workers. If you're self-employed or a member of a partnership and have been adversely affected by the coronavirus pandemic, the Self-Employment Income Support Scheme (SEISS) is a grant which is intended to match the support being given to workers who have been furloughed. You can apply for the first SEISS grant up to and including 13 July 2020. The Government has now started to release further details about applications for a second and final grant, which will open in August. You do not need to have claimed the first grant to receive the second one, but you will need to confirm that your business has been adversely affected by the coronavirus pandemic on or after 14 July 2020.

How will I benefit from the scheme?

First grant – if you're eligible and want to claim the first grant you must do so on or before 13 July 2020

The first grant allows the self-employed and those in partnerships to claim a taxable grant of 80% of their average monthly trading profits. It will be paid out as a single instalment covering 3 months and capped at £7,500 altogether.

The grant is based on your average trading profit over the three tax years 2016 to 2017, 2017 to 2018 and 2018 to 2019.

HMRC will work out your average trading profit by adding together your total trading profits or losses for the three tax years and then they will divide them by three. If eligible you will receive a grant of 80% of your average monthly trading profits. There is an online service that will tell you how HMRC has worked your grant out.

Second and final grant – available in August 2020

HMRC has said that they will work out your eligibility for the second and final grant in the same way that they did for the first one. If you make a claim for the second grant you will need to confirm that your business has been **adversely affected by the coronavirus pandemic on or after 14 July 2020**.

Applications for the second grant open in August. It will be worth 70% of your average monthly trading profits and paid out in a single instalment covering three months' worth of profits capped at £6,570 in total.

What circumstances classify as adverse to be eligible?

Your business could be adversely affected by coronavirus in the following ways.

- You are unable to work because you:
- Are shielding
- Are self-isolating
- Are on sick leave because of coronavirus

- Have caring responsibilities because of coronavirus
- You've had to scale down or temporarily stop trading because:
 - Your supply chain has been interrupted
 - You have fewer or no customers or clients
 - Your staff are unable to come in to work

How do I know if I am eligible?

HMRC has worked out if you are eligible or not and how much grant you are entitled to. They have said that they have already been in touch with most eligible people for the first grant but you or your adviser can still check if you've not heard from them.

As a general rule of thumb, you can claim if you're a self-employed individual or a member of a partnership and all of the following apply:

- You traded in the tax year 2018 to 2019 and submitted your Self-Assessment tax return on or before 23 April 2020 for that year
- You traded in the tax year 2019 to 2020
- You intend to continue to trade in the tax year 2020 to 2021
- You carry on a trade which has been adversely affected by coronavirus.

To work out your eligibility HMRC will first look at your 2018 to 2019 Self-Assessment tax return. Your trading profits must be no more than £50,000 and at least equal to your non-trading income. HMRC has said that in cases where an individual is not eligible based on their 2018-2019 Self-Assessment tax return, they will look at the tax years 2016 to 2017, 2017 to 2018, and 2018 to 2019.

You can also check online to find out if you're eligible to make a claim or you can ask your agent or adviser to do this for you. To check you will need:

- Your Self-Assessment Unique Taxpayer Reference (UTR) number, and
- Your National Insurance number

If you still believe that you can claim, you can also ask HMRC to review your eligibility. Your eligibility can be affected by the reasons listed below, but you should still check. We have some additional clarification on some of these circumstances on page 3 of this factsheet.

- If your return is late, amended or under enquiry
- If you're a member of a partnership
- If you're on or took parental leave
- If you have loans covered by the loan charge
- If you claim averaging relief
- If you're non-resident or chose the remittance basis
- State aid.

How do I make the claim?

You must make the claim yourself. Your agent or adviser cannot do this for you as this will trigger a fraud alert meaning you will have to contact HMRC. This will cause a significant delay in you receiving your grant payment. You can only ask your agent or adviser to help you check if you're eligible.

You will need the following information to make your claim.

- Your Government Gateway user ID and password – if you do not have a user ID, you can create one when you check your eligibility or make your claim

- UK bank details – but only provide your bank account details if you can accept a BACS payment. These details should include:
 - Bank account number
 - Sort code
 - Name on the account
 - Your address linked to your bank account

You will need to confirm that your business has been adversely affected by the coronavirus pandemic.

When will I receive the money?

HMRC has said that you should receive the money within **six working days** of making your claim. It will be paid directly into your bank account in one instalment.

Will I need to repay the grant?

The grant does not need to be repaid but it will be subject to Income Tax and self-employed National Insurance.

What happens if I submitted my tax returns late or they have been amended or they are under enquiry?

HMRC has used the information that you or your tax adviser submitted on your Self Assessment tax return to work out your eligibility for this grant. If you did not submit your Self Assessment tax return for the tax year 2018 to 2019 on or before 23 April 2020, you will not be able to claim. If, however, you submitted your returns late, but between 26 March 2020 and 23 April 2020, check your eligibility again as the online service has been updated since it was first launched. HMRC want you to either check yourself or to ask your tax adviser for assistance first and before you contact them to review your eligibility. These returns will, however, be subject to additional anti-fraud checks by HMRC.

When working out your eligibility or amount of the grant, HMRC will not take into account Self Assessment tax returns for the tax years 2016 to 2017 or 2017 to 2018 if they were submitted after 23 April 2020.

When working out your eligibility or amount of the grant, HMRC will not take into account any changes made to submitted returns after 6 pm on 26 March 2020.

They will also use the information on your original return if your tax return is under enquiry or has been the subject of a contract settlement.

What do I do if I'm a member of a partnership?

Each member of a partnership will need to make a claim based on their own individual circumstances, but HMRC will work out your eligibility based on your share of the partnership's trading profits. In situations where the partnership agreement requires you to pay the grant into the partnership pot, it should then be given back to you in full.

What happens if I am on or I took parental leave?

If you are applying during a break from your trade due to a new baby or adoption, or you have done this since 6 April 2019, you may still be eligible for the grant because HMRC will treat you as still trading. Maternity allowance will not affect your eligibility for the grant.

If you did not submit a tax return from 2018 to 2019, or your trading profits were less than your other income you would not normally be eligible for a grant. If you were ineligible for either of those reasons because you were taking time out to care for a new born child, they will determine eligibility on the basis of your 2017 to 2018 and 2016 to 2017 tax returns. HMRC has said that more details will follow and that this change will not affect you, or the amount of your grant, if you are already eligible.

I have a limited company, can I still claim?

No, you should not claim the grant if you're a limited company or if you are operating a trade through a trust.

Is there other financial help and support that I can get while I wait for the grant?

Yes, there is other financial support available for the self-employed as follows.

- The Universal Credit
- Deferral of Self-Assessment Income Tax and VAT payments
- Grants for businesses that pay little or no business rates
- Business Interruption Loan Scheme
- Bounce Back Loan

Beware of scams

HMRC is warning about an increase in scam emails, calls and texts. If someone gets in touch claiming to be from HMRC, saying that financial help can be claimed or that a tax refund is owed, and asks you to click on a link or to give information such as your name, credit card or bank details, **do NOT respond**. You should forward suspicious emails claiming to be from HMRC to phishing@hmrc.gov.uk and texts can be sent to 60599.

Last updated on 23 June 2020.