

COVID-19 Updates (Self-Employed Income Support Scheme)

Self-Employed Income Support Scheme

The scheme will provide a taxable grant to self-employed individuals or partnerships, worth 80% of their profits up to a cap of £2,500 per month, for the next 3 months.

To be eligible, you must;

- Be self-employed or a member of a partnership
- Have traded in 2019-20 (and currently trading or would be if not for COVID-19) and intend to continue trading in 2020-21.
- Have lost trading/partnership profits due to COVID-19
- Must have filed a tax return for 2018-19 tax year as self-employed or member of a trading partnership

If you've not filed your 2018/19 tax return yet, you've got until 23rd April 2020

- Have trading profits of less than £50k and more than half your income comes from self-employment. This is determined by at least one of these conditions:
 1. 2018/19 trading profit of less than £50k which forms more than half your total taxable income.
 2. Average trading profits in 2016/17, 2017/18 & 2018/19 of less than £50k and these profits form more than half your average total income in the same period.

If you started trading between 2016-19, HMRC will only use the years for which you filed a Self-Assessment tax return to calculate your grant.

How is the Grant calculated?

If eligible you will receive a taxable grant which will be 80% of the average profits from the applicable tax years 2016/17, 2017/18 and 2018/19, dependent on when you started trading.

Example:

Joe Blogs has traded as a Sole Trader since June 2016 and therefore has submitted a Self-Assessment for 2016/17, 2017/18 and 2018/19. Joe has lost all income since COVID-19 hit the UK and lockdown was enforced.

HMRC will calculate Joe's grant by adding together his taxable profit for 2016/17, 2017/18 and 2018/19

and dividing this by 3.

2016/17 taxable profit = £33k

2017/18 taxable profit = £49k

2018/19 taxable profit = £61k

Total taxable profit over the 3 year period = £143K

Grant Calculation £143k / 3 = £47.67k

Therefore, Joe would qualify for the Self-Employed Income Support Scheme as his average profit is below £50k. Joe's grant would be capped at the £2,500 per month, as his average monthly profit over the 3 year period was £3.9k.

The grant will be paid directly into your bank account by HMRC as one lump sum, covering the 3 month period.

How do you apply?

You cannot apply for this scheme yet.

HMRC will contact eligible individuals and invite you to apply online.

You will not be text, called or emailed by HMRC saying that you can claim financial help or owed a tax refund. Do not click any link or provide info such as your name, credit card or bank details.

Unfortunately, we have seen a number of scams and people trying to take advantage in this unique situation.

Once you've applied

HMRC will review your application and if eligible will contact you to confirm the grant amount and payment details.

If you claim tax credits, you'll need to include the grant in your claim as income.

Information kindly provided by Taylor Roberts Chartered Accountants, (Advalorem Group)