

COVID-19 Self Employment Income Support Scheme (SEISS)

Self employed individuals are not eligible for the Coronavirus Job Retention Scheme, where the Government committed to pay up to £2,500 each month in wages of employed workers who are furloughed during the outbreak. SEISS is intended to bring parity for self employed workers.

SEISS is the Government scheme to support individuals who are self employed, or members of trading partnerships whose businesses have been adversely affected by COVID-19. Eligible individuals can claim a taxable grant worth 80% of their trading profits, up to a maximum of £2,500 a month, or £7,500 in total (equivalent to three month's profit). It will be available for 3 months, but may be extended.

The grant counts as taxable turnover for the purposes of determining self employed profits for Income Tax and Class 4 NIC. It also counts as income for the purposes of Universal Credit and Tax Credit and may impact the amount claimants are entitled to. While the SEISS is a UK-wide scheme with no devolved variation in how the scheme operates, the rates of Income Tax payable on profits depend on the part of the UK in which you are resident.

Eligibility Criteria

Who is eligible?

Self employed individual or a member of a partnership and you:

- Have submitted your Self Assessment Tax Return for 2018/19 by 23 April 2020,
- Traded in 2019/20,
- Are trading when you apply, or would be except for Coronavirus,
- Intend to continue to trade in 2020/21,
- Have lost trading profits due to Coronavirus.

You will need to confirm to HMRC that your business has been adversely affected by Coronavirus. HMRC will, as usual, use a risk based approach to compliance.

Your trading profits must also be no more than £50,000 and more than half of your total income for either:

- 2018/19,
- The average of 2016/17, 2017/18 and 2018/19.

Who is not eligible?

- Self employed individual or a member of a partnership, and you commenced in business on or after 6 April 2019. You may qualify for other business support, e.g. Coronavirus Business Interruption Loan Scheme (CBILS).
- Property lettings businesses are not regarded as a trade, so landlords will not qualify for the SEISS.
- Furnished holiday lettings are only considered a trade for certain purposes. At the moment, it does not appear that they will qualify for the SEISS.
- Those who pay themselves a salary and dividends through their own company are not covered by the scheme, but will be covered for their salary by the Coronavirus Job Retention Scheme if they are operating PAYE schemes.
- Trading businesses operated through trusts are not eligible for the grant.

Deadline and how to apply for SEISS

HMRC is inviting individuals to check their eligibility by entering their unique taxpayer reference (UTR) and their National Insurance Number in the eligibility checker at <https://www.tax.service.gov.uk/self-employment-support>. If you are eligible, the checker will give you a date and time when you can submit your claim. Do not contact HMRC about the scheme before this date. When using the online checker, you will be prompted to log in using your Government Gateway account and make sure your contact details are up-to-date. If you do not have a Government Gateway account, you will be prompted to create one.

The online claims service on GOV.UK will open from 13 May, although the date you can first access it may be up to a few days after this. You must make the claim yourself. We will not have access to the claims service. However, you can contact us for advice and support. If you are unable to claim online, there will be an alternative way to claim. If you think you meet the eligibility criteria but HMRC disagree, contact us for assistance.

Be careful of fraudsters using texts, telephone calls or emails pretending to be HMRC or the government to request your bank account details. All grant applications will be through GOV.UK (or the alternative way to claim yet to be announced). Never provide details by phone, text, email or post. If in doubt, contact us for advice.

How is the grant calculated?

- You'll get a taxable grant based on your average trading profit over the 3 tax years 2016/17, 2017/18 and 2018/19.
- To work out the average trading profit, HMRC will add together your total trading profits or losses for the 3 tax years then divide by 3.
- The grant will be 80% of your average trading profit divided by 12 which will give a monthly amount. HMRC will pay this or up to a maximum of £2,500 a month, whichever is lower.
- If you started trading after 6 April 2016, HMRC will only use the periods for which you traded to calculate the grant.
- If you have more than one business in the same tax year, HMRC will add together all profits and losses to work out your trading profit.
- If you're a farmer, market gardener, creative author or artist claiming averaging relief, HMRC will use the amount of profit before the impact of the averaging claims to work out if you can claim the grant and how much you will receive.
- If you amended your 2018/19 tax return after 26 March, any changes will not be taken into account when working out your eligibility or the amount of the grant.

If my application is successful, how will I receive the grant?

Once, you've submitted your claim, you will be told straight away if your grant is approved. It will then be paid directly into your bank account, in one instalment by 25 May, or within six working days of your successful claim. It is a grant, rather than a loan, so it is not repayable. It will count as taxable turnover when calculating your business profits for income tax and Class 4 NIC purposes. If you receive the grant, you can continue to work or take on other employment including voluntary work.

Recommended Action

Check your eligibility now and consider making a claim. There is no penalty for claiming the grant if you meet all the eligibility criteria.

Make sure you have your UTR, National Insurance number, Government Gateway user ID and password and your bank account number and sort code details ready to make a claim when the system goes live.

If you have any queries or concerns about the scheme, contact Chiene + Tait for advice and support.

For more information, please contact:

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