

On the 26th of March 2020, the Chancellor released details on what help is going to be available for self-employed people during the COVID-19 crisis. This is to be known as the Self-employment Income Support Scheme (SEISS).

The full information, as it stands, can be found at the following links:

<https://www.gov.uk/government/news/chancellor-gives-support-to-millions-of-self-employed-individuals>

&

<https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

From this information, we have summarised the **key information** for our clients:

- 1) There will be direct cash **grants (not loans)** of 80% of their profits, up to £2,500 per month, based on 2018-19 returns, or an average over three years – 2016-17, 2017-18 and 2018-19. This means there is no need to urgently prepare accounts to 5 April 2020 – as these will not be included in the calculation. Note: This is capped – so only those with ‘trading profits’ of less than £50k will be eligible for the grants.
- 2) To qualify, more than half of total income in these periods must come from self-employment. *Note: Income from Land & Property or Dividends does not constitute self-employment income.*
- 3) The system has initially been designed to cover the three months to May – with grants being paid in a single lump sum instalment – most likely at the beginning of June.
- 4) This scheme also applies to members of partnerships.
- 5) The payment of the grant will not prevent the claimant from continuing to work.
- 6) The claimant must have submitted a 2019 tax return (covering the 2018/19 tax year). As a concession, late filers will have 4 weeks from the announcement date to submit their overdue returns.
- 7) Receipt of the grant will be treated as taxable income and must be reported on the claimants personal tax return.
- 8) To minimise the risk of fraud, HMRC are going to contact directly those that meet the conditions and are eligible to apply. Therefore, for now, advice is to wait until you have heard from HMRC.
- 9) Individuals should not contact HMRC now. HMRC will use existing information to check potential eligibility and invite applications once the scheme is operational.
- 10) Those who pay themselves a salary and dividends through their own company are **not** covered by the scheme, but will potentially be covered for their salary by the Coronavirus Job Retention Scheme if they are operating PAYE schemes. *(Please see our separate advice on this)*
- 11) Before grant payments are made, the self-employed will still be able to access other available government support for those affected by coronavirus including more generous universal credit and business continuity loans where they have a business bank account
- 12) Anyone whose self-employment started after 5 April 2019 and thus has no recorded self-employment earnings with HMRC cannot benefit from the scheme and will need to rely on Universal Credit.

These are the main points as the information currently stands. Further details of the scheme will be released in due course from HMRC.