



HMRC - Support for self-employed through the Self-employment Income Support Scheme

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The government announced a grant for self-employed individuals worth 80% of the average of their annual trading profits for the last three tax years (2016/17, 2017/18 and 2018/19), up to £2,500 a month for three months. On the Government's website it has been clarified that:

- 1) The grant is available to those individuals who:
 - a. had trading profits of less than £50,000 and more than half of their total income came from self-employment. This is determined by at least one of the following conditions being true:
 - i. having had trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constituted more than half of their total taxable income;
 - ii. having had an average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constituted more than half of their average taxable income in the same period.
 - b. have submitted an Income Tax Self-Assessment tax return for the tax year 2018-19 or are going to submit it by the 23rd of April 2020;
 - c. have traded in the tax year 2019-20;
 - d. are trading when applying, or would be except for COVID-19;
 - e. intend to continue to trade in the tax year 2020-21;
 - f. have lost trading/partnership trading profits due to COVID-19.
- 2) HMRC will contact in writing the individuals who are eligible for the scheme and invite them to apply online.
- 3) Although not until June, the grant, backdated to March, will be sent from HMRC directly to self-employed individuals' bank accounts. HMRC will provide further details once their application is accepted.



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- 4) The grants received will be subject to taxation, and as such they will have to be declared on tax returns by January 2022.
- 5) Individuals who became self-employed recently are not covered by the grant and might have to look to the benefit system for support. Company owners who pay dividends to themselves are also not covered by the scheme.
- 6) Individuals who are directors of their own company and are paid through PAYE won't be considered as a self-employed. They may be able to get support using the Job Retention Scheme.

Further help to self-employed individuals are as follows:

- 1) tax payments (on account) due in July 2020 can be deferred and VAT payments due from 20 March 2020 can be deferred until 30 June 2020;
- 2) grants for businesses that pay little or no business rates have been made available;
- 3) the amount of Universal Credit has been increased;
- 4) a Business Interruption Loan Scheme has been made available.