

## QUESTIONS AND ANSWERS RE CORONAVIRUS

The Coronavirus Self-employment Income Support Scheme allows individuals to claim a taxable grant worth 80% of their trading profits up to a maximum of £2,500 per month for three months from March to May 2020. This may be extended if needed.

### **How and when will the grant be paid?**

The taxable cash grant will be in the form of a single lump sum to cover the three months from 1 March to 31 May 2020. It will be paid in June 2020 to those that are eligible directly into their bank account.

### **Who is eligible?**

The self-employed, including members of partnerships, will be eligible if their trading profits for 2018/19 were less than £50,000 and more than 50% of their income stems from self employment.

Alternatively, they will be eligible if their average trading profits for the tax years 2016-17, 2017-18 and 2018-19 were less than £50,000 and more than 50% of their income stems from self employment.

For those that started trading between 2016 and 2019, HMRC will only use those years for which a self assessment tax return has been filed.

### **Are directors eligible under the scheme?**

No. People who are paid a salary by PAYE can be furloughed under the [Coronavirus Job Retention Scheme](#) but dividends are not covered by that or the self employed scheme.

### **What is the grant payment?**

It is a cash grant of one lump sum covering all three months and is set to be paid in 'early June'.

### **Is the grant taxable?**

Yes, the grant is taxable.

### **How do I qualify?**

To qualify you must have submitted a 2018/19 tax return.

The scheme will be open to those that have submitted an income tax self assessment tax return for the year to 5 April 2019 (the 2018/19 tax year).

If you started trading between 2016-19, HMRC will only use those years for which you filed a self-assessment tax return.

### **I missed the self assessment deadline of 31 January 2020, what do I need to do?**

If you missed the self assessment deadline of 31 January 2020, HMRC has extended the final filing deadline to 23 April 2020.

HMRC guidance states that the 2018/19 tax return must be filed by 23 April 2020 in order to eligible! For those that have yet to file their 2018/19 tax return it represents something of an opportunity.

### **Do I have to prove that I have lost trading profits due to Covid-19?**

Additional eligibility criteria include the requirement that the individual must have lost trading profits due to Covid-19.

In addition, they must have traded in 2019/2020, intend to trade in 2020/2021 and are trading at the point of application or would have been except for Covid-19.

### **How do I account for tax credits in my application for the grant?**

Individuals that claim Tax Credits would need to include the grant as part of their income.

### **How do I register for the scheme?**

Do NOT contact HMRC now.

It is crucial to observe that HMRC will contact and invite those that are eligible to apply. Applications will need to be made online when the invitations have been issued by HMRC.

HMRC is going to set up a dedicated online portal for the Coronavirus Self-employment Income Support Scheme – this will be developed to provide a single point of contact for the self employed.

### **How do I protect myself against potential scams and fraudsters?**

This seems an opportune moment to remind readers that HMRC do not send texts or make calls asking for bank or credit card details. If this happens then it is likely to be a scam. Please be wary.

## Self-Employed Income Support Scheme: at a glance

*Announced Thursday 26 March 2020*

- cash grant (one lump sum covering all three months);
- taxable;
- available for at least three months (March to May 2020);
- grant of 80% of their profits, up to £2,500 per month;
- Self-employed individuals and members of partnerships;
- Application required (online but not yet possible);
- First lump sum to be paid from June 2020; and
- Trading profits of *less than* £50,000.

### Who can apply?

- You must have submitted your 2018/2019 SATR (***but you have until 23 April 2020 to submit this return***);
- Traded in the tax year 2019-20;
- Are trading when you apply, or would be except for Covid-19;
- Intend to continue to trade in the tax year 2020-21;
- have lost trading/partnership trading profits due to Covid-19.

### Statement A or B must apply

- A - Trading profits must be below £50,000 and more than 50% of your income must come from self—employment; or
- B – Average trading profits for 2016/17, 2017/18 and 2018/19 must be less than £50,000

**Note that this guidance will be updated as and when HMRC issue further guidance of their own. Correct at time of publication 13:30, 27 Mar 2020. Subject to change.**

[HMRC guidance, Self-employment Income Support Scheme](#) issued 26 Mar 2020