

Self-Employment Income Support

The current advice we are providing our **self-employed** clients is:

To apply for the scheme the following must apply:

- have submitted your Income Tax Self-Assessment tax return for the tax year 2018-19
- 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
- trading profits must be less than £50,000 and more than half of your income

How much you will get?

The taxable grant will be 80% of the average profits over the last three tax year (2016 to 2019) maximum claim will be £2,500 per month for 3 months

How do I calculate this?

To work out the average HMRC will add together the total trading profit for the 3 tax years (where applicable) then divide by 3 (where applicable), and use this to calculate a monthly amount.

How will I get this money?

The amount claimable shall be paid directly into your bank account in one instalment. This instalment is currently expected to be paid in June 2020.

How will HMRC work out what I can claim?

HMRC will take your trading profit for the last 3 years you have traded, then divide by 3 and divide by 12 to get your average monthly profit.

Example 1

Dave is a self-employed plumber who has been trading for 3 years. In his self-assessment tax returns he declared a profit of £48 000, £35 000 and £45 000. His average monthly profit is: $(48\ 000 + 35\ 000 + 45\ 000)/(3 \times 12) = £3\ 556$. This means he would be eligible to claim for £2500 per month of grant.

Example 2

Sarah is a mobile hairdresser and started trading in May 2019. Her self-employed income was 20% of her income for the year, so she is not eligible for the scheme, as her trading profits in tax year 2018/2019 was not more than half of her taxable income for 2018/2019.

Example 3

Rishi is a taxi driver and started trading in April 2018. His trading profit in 2018/2019 was £20 500. He got all of his income from self-employment in 2018/2019. He would, therefore, be entitled to $£20\ 500/12 = £1708.33$ of a monthly grant.

How do I apply?

HMRC will contact you if you are eligible for the scheme and invite you to apply online

Once HMRC have provided correspondence for the claim then please feel free to contact us and we shall be able to assist you.

Please note all tax return documentation is provided after the submission of your tax return so should you want to know how much you can claim please refer to the relevant returns or please email us and we shall look into the workings for you.

What if I haven't filed my 18/19 tax return?

Not to worry, the government have stated that you shall have up to 23 April 2020 to submit. If this applies to you then please contact us immediately and we shall schedule your tax return in time before the deadline

What help is available to me as someone who is self-employed but operates through a limited company and doesn't have premises?

In this scenario then you may be able to access a grant via the Coronavirus Job Retention Scheme. I.e. if you pay yourself a salary through payroll, then you may be able to get 80% of this salary. However, you would need to prove you are no longer working and have Furloughed yourself to access the scheme.

Other help I can get?

Please refer to our earlier emails or click below on our resources list.

Full details of the scheme can be found here: <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>