

Everything you need to know about the

# **Self-employment Income Support Scheme (SEISS)**

# EVERYTHING YOU NEED TO KNOW ABOUT THE SELF-EMPLOYMENT INCOME SUPPORT SCHEME (SEISS)

## DETAILS OF THE SELF-EMPLOYMENT INCOME SUPPORT SCHEME (SEISS)

### Who can apply?

You can apply if you're a self-employed individual or a member of a partnership and you:

- 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

Your self-employed trading profits must be less than £50,000, and more than half of your total income must come from self-employment. This is determined by at least one of the following being true:

- Having trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of your total taxable income
- Having average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period

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



## KEY OBJECTIVES OF THE SCHEME

SEISS will support self-employed individuals whose income has been impacted by Covid-19 in a negative way. Under the scheme, the government have offered a grant for self-employed individuals or partnerships, worth 80% of their profits up to a maximum of £2,500 per month.

The scheme will be open for an initial three months, and people will be able to make a claim from the beginning of June.

### If you have not filed your 2018-19 tax return

If you have not yet submitted your 2018-19 tax return, you have 4 weeks' notice from the announcement of the scheme to file your return. This is a deadline date of 23 April 2020.

### What if your expected profits are very different to your 2018-19 profits?

The government can only act on the most recent data available. To try to be as accurate as possible, they are taking an average of three years of information.

### Why does this scheme not cover small businesses who are incorporated?

Self-employed individuals who are owner-managers and pay themselves a salary through PAYE will be eligible for support through the Coronavirus Job Retention Scheme.

SMEs can also access support via the temporary Coronavirus Business Interruption Loan scheme. This supports SMEs with access to loans, overdrafts, invoice finance and asset finance of up to £5 million and for up to six years.

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## WHAT SUPPORT IS BEING OFFERED?

The scheme will pay a taxable grant of 80% of the average profits from the tax years 2016-17, 2017-18 and 2018-19 where these have been filed.

To calculate the payment, HMRC will add together the total trading profits for the three tax years, then divide by three, and use this to calculate a monthly amount. The grant will be up to a maximum value of £2,500 per month for three months.

The grant will be paid in one lump sum directly into the applicant's bank account.

### Is the grant subject to tax?

Yes, individuals will need to pay Income Tax and National Insurance Contributions on any payments received through this scheme.

The grant is recognised as income for the purposes of Universal Credit and Tax Credits, and must be included in a claim for either of these as income.



### Why is the scheme limited to those with trading profits of less than £50,000?

The government has chosen to cap the scheme in order to target support towards those most in need. For those with profits of £50,000 and over, it is thought, they will have access to savings and other resources. They may still be able to access support via the temporary Coronavirus Business Interruption Loan scheme.

### HOW CAN THE SCHEME BE ACCESSED?

HMRC will use data on 2018-19 returns already submitted to check potential eligibility and invite applications once the scheme is operational. They will risk assess any late returns which are filed before 23 April 2020. Individuals should not contact HMRC. HMRC will then pay the grant directly to eligible claimants' bank accounts.



### AFTER YOU HAVE APPLIED

Once HMRC has received your claim, and deemed you eligible for the grant, they contact you and notify you of how much you will receive and the payment details.

### What should self-employed people do while they wait to be paid?

In the interim, self-employed individuals may be eligible for universal credit.

The government has provided £6.5bn of additional support through the welfare system for those affected by Covid-19.

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