



## COVID-19 – Self-Employed Income Support Scheme (SEISS)

The Chancellor has confirmed that the self-employed income support scheme (SEISS) will be extended with a fourth and fifth grant being available to cover the periods February 2021 to April 2021 and May 2021 to September 2021. We are sure this is welcome news as further grants will be available to those who have been adversely impacted by Covid-19.

The fourth and fifth grants will take into account 2019/20 tax returns and will be open to those who became self-employed in tax year 2019/20. The rest of the eligibility criteria remain unchanged. This will mean more individuals will now be eligible to make a claim, however, owner managed business owners who derive the majority of their income from dividends will continue to miss out.

You do not need to have claimed for the first three grants to qualify for the grant extension. Your eligibility for the scheme will now be based on your submitted 2019/20 tax return. This may affect the amount of the fourth grant which could be higher or lower than previous grants you may have received.

You will have to declare that you:

- are currently actively trading but are impacted by reduced demand due to coronavirus
- were previously trading but are temporarily unable to do so due to coronavirus
- intend to continue to trade
- reasonably believe that there will be a significant reduction in your trading profits due to reduced business activity, capacity, demand or inability to trade due to coronavirus

The fourth SEISS grant will be set at 80% of 3 months' average trading profits, paid out in a single instalment, capped at £7,500.

The amount of the fifth and final grant will be determined by how much your turnover has been reduced in the year April 2020 to April 2021. It will be worth:

- 80% of 3 months' average trading profits, capped at £7,500, for those with a turnover reduction of 30% or more
- 30% of 3 months' average trading profits, capped at £2,850, for those with a turnover reduction of less than 30%

### Deadline for applications

The online claims service for the fourth grant will be available from late April 2021 until 31 May 2021. If you are eligible, HMRC will contact you in mid-April to give you your personal claim date. This will be the date that you can make your claim from.

If you are eligible for the fifth grant, you will be able to make a claim from late July.

### Do you qualify for the scheme?

Any grant paid will be subject to income tax as well as National Insurance and will need to be reported on a future tax return.

To qualify, the individual must have been self-employed for the 2019/20 tax year (and have submitted their tax return for 2019/20 by 2 March 2021) and still trading in the 2020/21 tax year.

One of two tests must be passed:

1. Taxable trading profits for the individual in 2019/20 of less than £50,000 and these profits constitute more than half of the total taxable income; OR
2. Average taxable trading profits for the individual in 2016/17, 2017/18, 2018/19 and 2019/20 of less than £50,000 and these profits constitute more than half the average taxable income in the same period.

Where the individual has not been trading for the previous 3 years, HMRC will only use those years for which tax returns have been filed.

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Finally, HMRC have confirmed that you can only claim if your trade has been adversely affected by Covid-19. Examples have been provided, and include instances where:

- You are shielding, self-isolating, on sick leave because of coronavirus, have caring responsibilities because of coronavirus; or
- You had to scale down or temporarily stop trading because:
  - Your supply chain has been interrupted.
  - You have fewer or no customers or clients.
  - Your staff are unable to come into work.

As always if you want more information, or if we can help in any other way, please get in touch.



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