



CORONAVIRUS COVID-19 – APPLICATION FOR SELF EMPLOYMENT INCOME SUPPORT SCHEME (SEISS)

BACKGROUND

Where you are a Self employed taxpayer (and/or a sole trader), it now appears that HMRC have begun this week contacting individuals in respect of the Coronavirus (COVID) financial support scheme for the Self employed i.e. **the Self Employment Income Support Scheme (SEISS)**.

The scheme will allow each Self employed individual to claim **a taxable grant (important to note)** of 80% of average monthly trading profits. It will be paid out in a single instalment covering a total of 3 months, and is capped at a maximum of £7,500 in total.

Although the SEISS scheme is meant to be a temporary financial support for the Self employed, as with the CJRS scheme (for employees), it may be extended beyond June 2020.

Those individuals likely to be eligible under the scheme have in many cases now been contacted by HMRC, which is the first step in the claims process under the scheme e.g.

1. individuals will have been provided with a date for when they can submit their claim to HMRC, and
2. a payment under the SEISS scheme is expected to be received directly into claimants bank account

If you have not yet received contact from HMRC, then it may be that you are **NOT** eligible for the scheme, however you can complete an online eligibility check to confirm your eligibility. This check also encourages you to update your details via the HMRC online services portal, ***in case this is the reason for a delay in HMRC making contact with you about the SEISS scheme.***

- <https://www.tax.service.gov.uk/self-employment-support/enter-unique-taxpayer-reference>

Please note that the HMRC SEISS online portal to enable claims, is expected to be open on 13th May 2020, with the indications that it will be delivered as per the expected timetable.

KEY CRITERIA

The main details of the SEISS scheme are as follows:

- The scheme is for Self employed (sole trader) taxpayers (see eligibility details below)
- An amount of 80% of average trading profits up to a maximum of £2,500 per month can be claimed (for a maximum of 3 months i.e. £7,500)
- To be eligible there must have been a Self Assessment tax return for 2018/19 submitted to HMRC (which included self-employment profits) i.e. if you only commenced after 2018/19, then you will not be eligible for the scheme
- Annual Self employment **trading profits** must be no more than £50,000 (on average)
- Annual Self Employment **trading profits** must at least be equal to your non-trading income
- Even where the SEISS grant monies are claimed, you **can** continue to work, start a new trade or take on an employment
- Monies received under the SEISS scheme are provided by means of a grant, and therefore taxable i.e. subject to both Income tax and National Insurance (as part of your Self Assessment tax return)



- HMRC will confirm each individual's eligibility and will calculate the amount to be paid out
- The claim must be made by the individual themselves i.e. in this instance Sakura are not able to manage this process on your behalf
- It is expected that **approved claims** will result in payments being received within 6 working days

ONLINE ELIGIBILITY CHECKER

HMRC's online eligibility checker can be used to confirm whether you will be eligible for the SEISS scheme.

The information you will need to have available to be able to use the online tool above, will be as follows:

- **Self Assessment Unique Taxpayer Reference (UTR) number**
- **National Insurance number**

The service will confirm, based on the information that HMRC currently have on your tax affairs, as to whether you will be eligible for the SEISS scheme.

ELIGIBILITY REQUIREMENTS

You will be eligible to make a claim if you're a self-employed individual (or member of a partnership):

1. you traded in the tax year 2018/19 **AND** submitted your Self Assessment tax return on or before 23 April 2020
2. you have continued your Self employment business in the tax year 2019/20
3. you intend to continue to trade in the tax year 2020/21
4. you carry on a trade which has **been adversely affected** by coronavirus

Being adversely affected by coronavirus crisis means the following:

- you're unable to work because you:
 - are shielding
 - are self-isolating
 - are on sick leave because of coronavirus
 - have caring responsibilities because of coronavirus
- you've 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 in to work



CLAIM REQUIREMENTS

The key information required to be able to make the claim under the SEISS scheme via the online portal from 13th May 2020 onwards, will include the following:

- **Self Assessment UTR** – your unique tax reference number from HMRC (on your tax return)
- **Government Gateway user ID and password (HMRC Online Services ID)** - if you do not have a user ID, you can create one when you check your eligibility online
- **Bank account number and sort code** – where the grant monies are to be paid
- **Coronavirus Impact** – you will need to confirm to HMRC that your business has been adversely affected by coronavirus.

Once the claim has been successfully submitted, there will be an immediate confirmation of approval.

CALCULATIONS

The £50,000 trading profits threshold (for eligibility) will be determined by **at least ONE** of the following conditions 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**) **OR**
- 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**)

Where you have commenced trading between 2016 and 2019, and therefore have less than 3 years trading activity, then HMRC will only use those years for which a Self-Assessment tax return has been filed.

Calculation of the Grant under the Scheme

The amount of the (taxable) grant will be a monthly amount of up to 80% of the average profits from the applicable tax year(s), and **up to a maximum of £2,500** (per month) for a period of 3 months.

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
- apply the 80% rule or maximum of £2,500
- apply the monthly amount calculated for a period of 3 months



OTHER ISSUES

Please note some other important points in respect of the SEISS scheme, as follows:

1. You must keep a copy of all records in line with normal Self-employment record keeping requirements, including
 - the amount claimed under the scheme
 - the claim reference number and
 - evidence that your business has been adversely affected by coronavirus
2. You will need to report the grant amounts received
 - on your Self Assessment tax return
 - as self-employed income for any Universal Credit claims and
 - as self-employed income and that you're working 16 hours a week for any tax credits claims
3. You can make a claim for Universal Credit while you wait for the grant. The grant may affect the amount of Universal Credit you get, but will not affect claims for earlier periods.
4. If you have another employment as a director or employee paid through PAYE, your employer may be able to get support using the Coronavirus Job Retention Scheme (CJRS Scheme)
5. HMRC will check claims and take appropriate action to withhold or recover payments found to be dishonest or inaccurate.