



## **SEISS GRANTS RECEIVED DURING THE COVID 19 PANDEMIC – TAXABLE OR NOT ?**

Although the Government financial supports during the period of the pandemic have not been universally welcomed, a great number of Self employed business owners and sole traders have received funds during 2020/21 as a result of this scheme – **and may continue to do so until mid 2021 now !**

**Q - However for those that did receive grants during the course of 2021/21 are these monies taxable on the recipients ?**

**The simple answer is YES** – under the legislation introduced by the Government as part of the COVID supports (Finance Act 2020, s106 and Schedule 16), it will be necessary to add the SEISS payments received in 2020/21, to the trading profits or losses that form the basis of the year to 5 April 2021.

**EXAMPLE** - if the Self employment/sole trader accounts to the year show a trading profit of £10,000 for that year **AND** SEISS grant payments totalling £13,070 are received in June and August 2020.

THEN the individual will be taxed on a total of £23,070 in the 2020/21 tax year !

**EXAMPLE** - Similarly, where there is a trading loss in the year, the SEISS grants received in 2020/21 are 'netted off' against the loss, and any remaining loss can be relieved subject to the normal trade loss relief rules.

**Additionally please note that** - SEISS grant amounts received will be subject to income tax and National Insurance contributions (NICs) in the normal way.

Here at **SAKURA**, we will obviously assist our clients with identifying and handling any SEISS grants, as part of our usual Self Assessment tax return process, to ensure that they are correctly included in your 2020/21 tax return.

Contact us on [clientservices@sakurabusiness.co.uk](mailto:clientservices@sakurabusiness.co.uk) if you have any queries on SEISS grant issues !