



CORONAVIRUS COVID-19 – SELF EMPLOYMENT INCOME SUPPORT SCHEME (SEISS) 2021

BACKGROUND

As a Self employed taxpayer (and/or a sole trader), and where you have met the specific eligibility criteria, you will already have had the benefit of some financial support via the Coronavirus (COVID) Self Employment Income Support Scheme (SEISS).

The SEISS scheme has provided taxable grants of various % levels of a Self Employed taxpayer's average monthly trading profits to date – **these were payable in June and August 2020 (the First and Second grants).**

Please Note - If you're eligible for the SEISS scheme and haven't yet taken advantage of the Second grant yet - HURRY as there's now just one week left to claim the second grant !

(see our blog on the details and key issues around the original extension to SEISS scheme - <https://www.sakurabusiness.co.uk/news-guides>)

The SEISS scheme was originally meant to be a short term financial support for the Self employed, however given the ongoing impact of COVID-19 on the economy, this scheme has now been further extended through to April 2021.

The extension to the SEISS scheme is for self-employed individuals who are

- actively continuing to trade, **but**
- are facing reduced demand due to coronavirus (COVID-19)

It now provides for **two** further grants and will last for six months - from November 2020 to April 2021, with the amount(s) provided by HMRC being up to 20% of average monthly trading profits, **capped at a maximum of £1,875 in total.**

HMRC will provide further guidance in due course, which will confirm the process and timeframes for submitting an application under the SEISS scheme for each grant.

KEY CRITERIA

Under the extension of the SEISS scheme into 2021, there are two additional grants that will become available to Self Employed taxpayers:

- **Third Grant:** for the period from November to January 2021 **AND**
- **Fourth Grant:** for the period from February to April 2021

Although eligibility for the **Third grant** in 2020 is broadly as per the previous grants under this scheme, there are as yet no details in respect of the final grant in early 2021 i.e. **it is expected that some of the details and/or eligibility may be changed !**



Other key criteria include the following:

- the individual must currently comply with the eligibility criteria of the SEISS, **although they do not have to have claimed the previous grants**
- a declaration must be made confirming that they are currently actively trading and intend to continue to trade
- make a declaration that they have been impacted by reduced demand due to coronavirus in the qualifying period (period of the current claim)
- the further extension to the scheme provides for **two** grants and will last for six months, from November 2020 to April 2021.
- The grant amounts will be paid in two lump sum instalments - **each covering one of the three month periods**
- HMRC are providing broadly the same level of support for the self-employed as is being provided for employees through the Job Support scheme.
- As with all previous grants under the SEISS scheme, the grants will be subject to Income Tax and National Insurance Contributions.

ELIGIBILITY CRITERIA

The eligibility criteria for the extended SEISS scheme have remained the same as for the original scheme, however please note that the taxpayer's business **MUST** have continued to be adversely impacted by the COVID 19 situation:

- 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
- The Self employment (Sole trader) business must been 'adversely affected' by the Coronavirus (COVID 19) situation
- 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

Please Note - property based businesses where profits are included in the Land & Property section of the Self Assessment tax return are **NOT** eligible for the SEISS scheme

Being '**adversely affected**' by the Coronavirus (COVID-19) situation may include any of the below examples:

- 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, temporarily stop trading or incurred additional costs because:
 - your supply chain has been interrupted
 - you have fewer or no customers or clients
 - your staff are unable to come in to work
 - one or more of your contracts have been cancelled
 - you had to buy protective equipment to trade following social distancing rules



CLAIM REQUIREMENTS

It is expected that the claim requirements will be similar to that used in the previous versions of the SEISS scheme (see below)

When making a claim application under the SEISS scheme via the online portal, you will need the following information:

- 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 OF THE AVERAGE TRADING PROFITS

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 Extended SEISS Scheme

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 % rule or maximum of £1,875
- apply the monthly amount calculated for a period of 3 months