

New Announcement on 26 March Grant for the Self Employed

Yesterday evening the Chancellor announced a new grant to help the self-employed and partners in a partnership who have lost income due to coronavirus.

At present, we have the initial guidance and this can be found at the following address: <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

Our comments below are based on this and so are subject to change as we learn more over the next few days and further guidance is issued.

Also, remember that other help is available and please let us know if you would like to know more about any of these:

- / Your self-assessment payment on account due on 31 July 2020 is deferred until 31 January 2021 unless you wish to pay it on time.
- / If your business qualifies for Small Business Rate Relief then you will be getting a grant of £10,000 (or up to £25,000 if you operate in the enhanced sector) and this is being dealt with by your local authority
- / You can access the Business Interruption Loan Scheme which is being operated by your bank
- / Increased amounts of Universal Credit

OVERVIEW

The scheme is to allow you to claim a taxable grant worth 80% of your trading profits up to a maximum of £2,500 per month for the next 3 months. The period of 3 months may be reviewed and extended as considered necessary.

You cannot apply for the scheme yet and HMRC will contact you if you are eligible and invite you to apply online. The Chancellor said yesterday in his announcement that this would be a “short online form” – let us wait and see on this!

WHO CAN APPLY?

You are eligible to apply for the grant if you meet the following criteria.

- / You have submitted your 18/19 tax return and if you have not, then you have until 23 April 2020 to do this.
- / You must be trading currently as self employed or a partner i.e. in the 19/20 tax year and intend to continue to trade into the next tax year i.e. 20/21
- / Have lost trading profits due to Covid 19
- / Your average trading profits must be LESS than £50,000 and more than half of your income is from your self employment
- / If you started trading between 2016 and 2019, then HMRC will only use those years for which you filed a tax return to base this on.

HOW MUCH WILL YOU GET?

- / You will receive a TAXABLE grant and we assume that this will be taxable in 20/21 when it is received. The grant will be a pro-rata'd 80% of the average profits from the tax years:
- / 2016/17
- / 2017/18
- / 2018/19
- / HMRC will add together the total profit for these years (or less if you have been trading for less) and then divide by 3 (or less if you have been trading for less). This figure will then be used to calculate the monthly amount.
- / The grant will be up to a maximum of £2,500 per month for 3 months i.e. a maximum of £7,500 (unless the scheme is extended further).
- / It will be paid in one instalment, most likely in June, into your bank account. We assume that the details of this will be on the online form to be sent to you if you are eligible.