

## Coronavirus self-employed scheme: how the scheme will work in practice

HMRC will pay a taxable grant to self-employed individuals and partners equivalent to 80% of their average trading profits for three months, capped at £2,500 per month.

To qualify for the grant the business must have traded in 2019/20 and would still be trading if it hadn't been for the interruption to business due to the coronavirus.

### How is this calculated?

The government will base the amount of grant for each taxpayer on the average of their trading profits, as reported in their last three tax returns for the years: 2015/16 to 2018/19. If the taxpayer started trading within this three-year period, the monthly average of profits will be calculated from the periods in which they were trading.

HMRC will arrive at the taxpayer's average earnings by totalling up the reported profit for the three tax years (or shorter period as applicable) and divide by three to arrive at an average year. One quarter of that average annual profit will then form the basis of the SEISS grant awarded – at the 80% rate.

### Who won't qualify?

The SEISS grant will not be payable to anyone who meets any of these conditions:

- / has average annual profits of £50,000 or more – those taxpayers will get nothing
- / has not submitted a tax return for 2018/19 (you have until 23 April 2020 to do this, or you won't qualify)
- / receive less than half of their annual taxable income from self-employed profits
- / has already ceased trading permanently
- / Those who started trading on or after 6 April 2019
- / Property letting businesses are not regarded as a trade, so landlords will not qualify for the SEISS grant even if more than half of their taxable income is from rental income
- / HMRC are unlikely to consider income from furnished holiday lets as qualifying for the SEISS grant

### How long will the scheme last?

- / Currently the SEISS grant covers 3 months, but this may be extended if the coronavirus shutdown continues beyond the end of June.

## How to access the grant

HMRC will contact those taxpayers who are eligible for this grant and will invite them to apply for the payment online. It is not clear if this contact will be made by letter, but it certainly won't be by email or text message.

## Watch out for Scammers!

HMRC warns taxpayers not to be taken in by scammers who email, text, or call, offering money from HMRC then ask for the business bank details to be confirmed. Warn clients not to click on a link in an email, or reply to a text, purporting to be from HMRC.

The taxpayer may need to confirm to HMRC that they were trading in 2019/20 and expect to continue to trade in 2020/21. Some indication of the business turnover for 2019/20 may have to be provided at that point.

## When will I receive payment?

The SEISS grant for three months will be payable in one lump sum into the taxpayer's bank account, but the money will not be available until early June.

The grant will be treated as taxable income, and will have to be reported on tax returns for 2020/21. Taxpayers in receipt of working tax credits or universal credit will have to treat the SEISS grant as part of their self-employed income for 2020/21.