

ADVISER Today

August 2020 Issue 8

"We continue to remain alert to any sources of funding to assist our clients through these challenging times. More help for the self-employed has just been announced with the second stage of the SEISS grant now open for applications. If you have any questions, no matter how small, please do get in touch with our Business Advisers, just pick up the phone or drop us an email."



JASON FAYERS

SUPPORT FOR THE SELF-EMPLOYED

second GRANT NOW AVAILABLE



**"...THE GOVERNMENT HAS HANDED OUT
£7.8 BILLION OF GRANTS SO FAR..."**

Over 2.7 million self employed people have benefited from the first stage of the SEISS (Self Employment Income Support Scheme), as the government has handed out £7.8 billion of grants so far to help them through the Covid-19 crisis.

Those who are eligible under the SEISS will now be able to receive a second and final grant worth 70% of their average monthly trading profits, with the money paid within six working days of making a claim.

Anyone whose self-employed business has been adversely affected by coronavirus since 14 July is eligible for the scheme. Claims for the first grant have now closed, but you don't need to have claimed the first grant in order to receive the second grant.

How do you know if you're eligible?

HMRC has included examples on their website of situations where a self employed person may be able to claim the grant. These include situations where

- you are unable to find work due to the impact of Covid-19
- you were not able to work as normal before, on or after 14 July 2020
- you had significantly fewer customers as a result of social distancing rules or if you had to buy protective equipment
- you have had contracts cancelled because of the impact of Covid-19

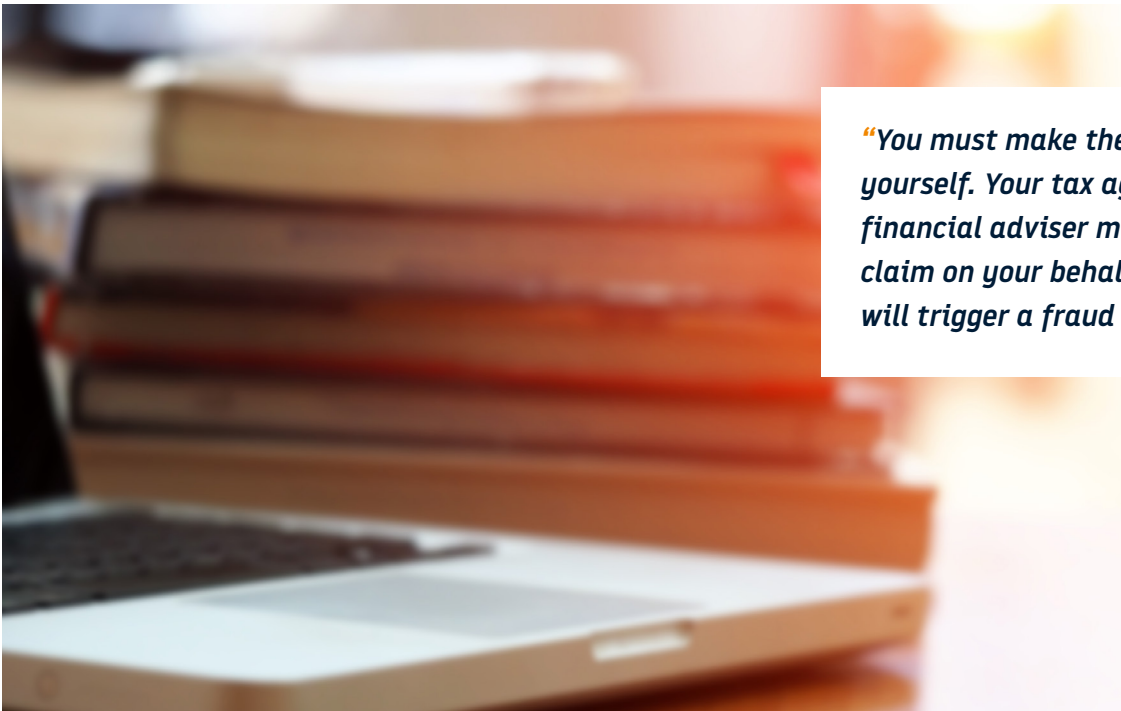
SEISS grants are based on your profits over three tax years. This is based on an average of the tax returns for 2016/17, 2017/18 and 2018/19. If you did not trade in 2016/17, the grant will be based on the average of 2017/18 and 2018/19. If you did not trade in 2017/18, the amount is based on 2018/19 only – even if you traded in 2016/17.

You must have filed a tax return for 2018/19. This means you must have been self-employed prior to 6 April 2019. The last date to file a 2018/19 tax return was 23 April 2020 (the deadline had been extended from 31 January 2020). If you only had a few months' self-employment on your 2018/19 return, this is counted as your total profit for the year – the Government won't pro-rata it based on your monthly profits.



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“You must make the claim yourself. Your tax agent or financial adviser must not claim on your behalf as this will trigger a fraud alert”

To receive a grant you must show that you earned more than 50% of your total income from self-employment. To check this, HMRC will check your 2018/19 tax return, and if you're not eligible based on 2018/19 alone, it will then examine the tax years 2016/17, 2017/18 and 2018/19 to see if the average amount of your trading profits across the three years was more than 50% of your total income.

As with the earlier SEISS grant, your average trading profit must be less than £50,000 a year. This is essentially a 'cliff-edge' requirement. Those people whose average annual trading profit is more than £50,000 will not be able to get any payments from this scheme. You also won't be able to claim if you trade through a limited company or a trust.

“...your average trading profit must be less than £50,000 a year...”

Unlike the CJRS (the furlough employee scheme), you can claim for SEISS and keep working. You will need to declare your business has been impacted on or after 14 July 2020 and HMRC is introducing checks to prevent fraud. As it is a grant you won't need to pay back the amount received, but you will have to pay tax and National Insurance on the money you receive.

The second stage of SEISS is now open for applications and will close on 19 October 2020.

To make a claim, log in through the government gateway account (see the link below).

IMPORTANT: You must make the claim yourself. Your tax agent or financial adviser must not claim on your behalf as this will trigger a fraud alert.

More information is available on the gov.uk website – see below for some helpful links:

- <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>
- <https://www.gov.uk/guidance/decide-if-your-business-has-been-adversely-affected-for-the-self-employment-income-support-scheme>
- <https://www.gov.uk/guidance/how-hmrc-works-out-total-income-and-trading-profits-for-the-self-employment-income-support-scheme>

Your accountant or business adviser should be providing the latest information on grants and support schemes to support and assist you and your business through the current crisis. If they are unable to help, or you feel you might need additional advice and support, Scrutton Bland would be happy to hear from you. With a team of specialist business support advisers who

specialise in helping self-employed people, and who can give you the relevant information you need, we're here to help. To get in touch please email

hello@scruttonbland.co.uk

or **call 0330 058 6559**