



# Self-employed Income Support Scheme

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*Updated as of 4 June 2020*

Following the announcement by the Chancellor on 26 March 2020 of the Coronavirus Self-employment Income Support Scheme, we look into the details as to how and to what extent the scheme is going to provide for the estimated 5 million self-employed individuals across the UK.

As at 24<sup>th</sup> May 2020, 2.3 million claims had been made under this scheme worth a total of £6.8 billion.

On 29<sup>th</sup> May 2020 the Chancellor announced a second, and final, grant which eligible individuals will be able to apply for from August 2020. This extension to the scheme mirrors the extension of the furlough scheme for employees until the end of October 2020.

## **Who can apply?**

Anyone who is self-employed or a member of a partnership that:

- has submitted an Income Tax Self-Assessment tax return for the tax year 2018-19
- traded in the tax year 2019-20
- are trading when they apply, or would be except for COVID-19
- intend to continue to trade in the tax year 2020-21
- have lost trading/partnership trading profits due to COVID-19

Any self-employed trading profits must be less than £50,000, with more than half of an individual's income having come from self-employment. HMRC will determine this by at least one of the following 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
- 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

If you started trading between 2016-19, HMRC will only use those years for which you filed a Self-Assessment tax return.

HMRC have extended the deadline for submitting any Income Tax Self-Assessment tax return for the tax year 2018-19, to 23 April 2020 to enable anyone who missed the January 2020 deadline to still be applicable.

HMRC will use any 2018-19 returns already submitted to identify those eligible and will risk assess any late returns filed before the 23 April 2020 deadline in the usual way.

Some self-employed individuals will clearly fall outside the parameters of the scheme, in particular:

- if you started in business after 6 April 2019, and so have no history of tax-returns for your business
- if your self-employment income is less than 50% of your total income
- if your trading profits are over £50,000 per year.

The scheme also does not provide support for individuals who provide their services through personal service companies (PSCs). They instead have to use the furlough leave scheme as an employee of their PSC, and that scheme rules out the option of continuing to work at the same time as being on furlough leave.

### **How much is being provided?**

The first round of the scheme allows applicable individuals to claim a taxable grant worth 80% of trading profits up to a maximum of £2,500 per month for three months' worth of profits. The maximum grant is £7,500.

It is possible for someone claiming a grant under this scheme to continue to do business at the same time, equally to start a new trade or take on other employment including voluntary work.

In the second round of the scheme, for which applications opens in August, eligible individuals can claim a taxable grant worth 70 per cent of their average monthly trading profits, paid out in a single instalment covering three months' worth of profit, and capped at £6,570 in total.

### **How do you apply?**

HMRC identifies anyone who is eligible and contacts them to make an application. The individual then has to submit their online application. Once they receive an application HMRC contacts the individual to tell them how much they will get paid and the payment details. Any money will then be paid directly into a bank account confirmed by the individual in their application.

Applications for the first grant opened on 13<sup>th</sup> May 2020 and will close on 13<sup>th</sup> July 2020.

Applications for the second grant will open in August 2020. Further information on the second grant will be published on the Government website on 12<sup>th</sup> June 2020.

### **Is there any other help available?**

Although the provisions are claimed by the Chancellor to help 95% of the self-employed who make their money from self-employment, any individuals who did not start trading until after April 2019 will not be applicable for the scheme as they will not have filed a tax return meaning HMRC will not know of their self-employed status.

A number of other measures have been announced to help businesses including:

- deferral of Self-Assessment income tax payments due in July 2020 and VAT payments due from 20 March 2020 until 30 June 2020
- grants for businesses that pay little or no business rates
- increased amounts of Universal Credit
- Business Interruption Loan Scheme

See our page here for more information those initiative listed above along with other assistance that [may be](#)

[available for your company.](#)

Additionally, anyone who pays themselves a salary and dividends as a director of their own company will not be covered by the scheme and will instead have to look to the Coronavirus Job Retention Scheme if they operate through PAYE. Further details of this scheme can be found [here](#).