

COVID-19

self-employed income
support scheme

Support through difficult times

Background

If you are self-employed or a member of a partnership and have lost income due to coronavirus (COVID-19), you are entitled to apply for a grant through the Self-employment Income Support Scheme.

What is the scheme? What does it do?

This scheme will 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 grants will be taxable and will need to be declared on tax returns by January 2022. This may be extended if needed due to COVID-19.

Who can apply?

You can apply if you are a self-employed individual or a member of a partnership and have:

- Submitted your income tax self assessment tax return for the tax year 2018-2019
- Traded in the tax year 2019-2020
- Are trading when you apply, or would be if not for COVID-19
- Intend to continue to trade in the tax year 2020-2021
- Have lost trading/partnership trading profits due to COVID-19

In addition to this, your trading profits must be less than £50,000 and more than half of your income must come from self-employment. This is defined as:

- 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

It is important to note that this scheme uses information from your Income Tax Self-Assessment tax return, if you have not submitted one for the tax year 2018-19 you must do this by 23 April 2020 (You can submit your return by visiting www.gov.uk/self-assessment-tax-returns).

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

How much will I get?

You'll get a taxable grant which will be 80% of the average profits from the tax years (where applicable):

- 2016-2017
- 2017-2018
- 2018-2019

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.

This will be up to a maximum of £2,500 per month for 3 months, and the Government will pay the grant directly into your bank account, in one instalment.

The money, backdated to March, will arrive directly into people's banks accounts from HMRC, but not until June.

How do I apply?

You cannot apply for this scheme yet but HMRC will contact you if you are eligible for the scheme and invite you to apply online. You do not need to contact HMRC now and doing so may delay the urgent work being undertaken to introduce the scheme.

You will access this scheme only through GOV.UK. If someone texts, calls or emails claiming to be from HMRC, saying that you can claim financial help or are owed a tax refund, and asks you to click on a link or to give information such as your name, credit card or bank details, it is a scam.

What about Directors?

If you are a director of your own company and paid through PAYE you may be able to get support using the Job Retention Scheme (you can find more details by visiting www.gov.uk/guidance/check-if-you-could-be-covered-by-the-coronavirus-job-retention-scheme).

What happens after I apply?

Once HMRC has received your claim and you are eligible for the grant, you will be contacted to tell you how much you will get and the payment details. If you claim tax credits you will need to include the grant in your claim as income.

Can I continue working whilst on the scheme?

Unlike the employee scheme, the self-employed can continue to work as they receive support.

What other help can I get until the scheme is live?

The Government have said this scheme may not be up and running until June. The government is providing the following additional help for the self-employed:

Deferral of Self Assessment income tax payments due in July 2020 and VAT payments due from 20 March 2020 until 30 June 2020

- Government will support businesses by deferring Valued Added Tax (VAT) payments for 3 months.
- Income Tax payments due in July 2020 under the Self-Assessment system may be deferred until January 2021 (you can learn more by visiting www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-through-deferring-vat-and-income-tax-payments).

Grants for businesses that pay little or business rates

- The Government will provide additional Small Business Grant Scheme funding for local authorities to support small businesses that already pay little or no business rates because of small business rate relief (SBRR), rural rate relief (RRR) and tapered relief. This will provide a one-off grant of £10,000 to eligible businesses to help meet their ongoing business costs (you can learn more by visiting www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-that-pay-little-or-no-business-rates).

Increased amounts of Universal Credit

- Universal Credit standard allowance has been increased by £20 per week. This is a payment to help with your living costs and is paid monthly. You will be able to get it if you're on a low income or out of work.
- It is a means-tested benefit, and only those with low household incomes or savings less than £16,000 are eligible for help. For couples who live together entitlement is assessed against your joint earnings and other income.
- Advance payments are now payable from day one (of a valid claim), however Universal Credit are loans and not grants and the advance payments must be re-paid.
- Payment will take five weeks to be made (you can learn more by visiting www.gov.uk/universal-credit).

Business Interruption Loan Scheme

- A Business Interruption Loan Scheme has been created to support primarily small and medium-sized businesses to access bank lending and overdrafts.
- The Government will also make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied fees, so smaller businesses will benefit from no upfront costs and lower initial repayments.
- The Government will provide lenders with a guarantee of 80% on each loan (subject to pre-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs. The scheme will be delivered through commercial lenders, backed by the government-owned British Business Bank (you can learn more by visiting www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-through-the-coronavirus-business-interruption-loan-scheme).

Get in touch

If you're having difficulty or problems at work during the Covid-19 pandemic, get in touch with our Member Service Centre by calling **0800 389 6332** or emailing **servicecentre@community-tu.org**.

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Tel: 0800 389 6332 • **Email:** servicecentre@community-tu.org