

Sherlock & Co

Chartered Accountants

Self-Employment Income Support Scheme - check if you can claim a grant

(25 November 2020)

If you are self-employed or a member of a partnership and have been impacted by coronavirus (COVID-19) find out if you can use this scheme to claim a grant.

The scheme has been extended. If you were not eligible for the first and second grant based on the information in your Self-Assessment tax returns, you will not be eligible for the third.

HMRC expects you to make an honest assessment about whether you reasonably believe your business will have a significant reduction in profits.

To make a claim for the third grant your business must have had a new or continuing impact from coronavirus between 1 November 2020 and 29 January 2021.

The third taxable grant is worth 80% of your average monthly trading profits, paid out in a single instalment covering 3 months' worth of profits, and capped at £7,500 in total.

Applications for the third grant will open from 30 November 2020. Make your claim from the date we give you either by email, letter or within the service. If you are eligible, you must make your claim for the third grant on or before 29 January 2021.

The grant does not need to be repaid if you are eligible but will be subject to Income Tax and self-employed National Insurance and must be reported on your 2020 to 2021 Self-Assessment tax return.

You can follow these steps to help you understand what you can do now.

1. Find out [who can claim](#).
2. Check that your business has [been impacted by coronavirus](#).
3. Find out [how HMRC works out your grant](#).
4. [Make your claim when the online service is available](#).

Who can claim

To be eligible for the third grant you must be a self-employed individual or a member of a partnership. You cannot claim the grant if you trade through a limited company or a trust.

If you claim Maternity Allowance this will not affect your eligibility for the grant.

You must have traded in both tax years:

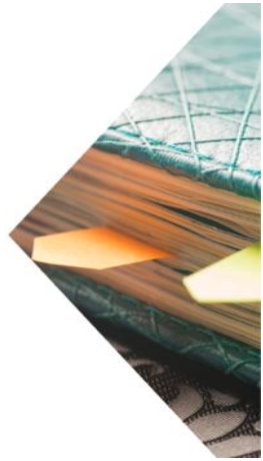
- 2018 to 2019 and submitted your Self-Assessment tax return on or before 23 April 2020 for that year
- 2019 to 2020

You must either:

- be currently trading but are [impacted by reduced demand](#) due to coronavirus
- have been trading but are [temporarily unable to do so](#) due to coronavirus

You must also declare that:

- you intend to continue to trade
- you reasonably believe there will be a significant reduction in your trading profits



Reasonable belief

In order to claim, you must reasonably believe that you will suffer a significant reduction in trading profits due to reduced business activity, capacity or demand or inability to trade due to coronavirus during the period 1 November to 29 January 2021. You must keep evidence that shows how your business has been impacted by coronavirus resulting in less business activity than otherwise expected.

Significant reduction

Before you make a claim, you must decide if the impact on your business will cause a significant reduction in your trading profits for the tax year you report them in.

HMRC cannot make this decision for you because your individual and wider business circumstances will need to be considered when deciding whether the reduction is significant.

You should wait until you have a reasonable belief that your trading profits are going to be significantly reduced, before you make your claim.

There are some [examples that can help you decide](#).

How HMRC works out your eligibility

To work out your eligibility we will first look at your 2018 to 2019 Self-Assessment tax return. Your trading profits must be no more than £50,000 and at least equal to your non-trading income.

If you are not eligible based on the 2018 to 2019 Self-Assessment tax return, we will then look at the tax years 2016 to 2017, 2017 to 2018, and 2018 to 2019.

How different circumstances affect the scheme

There are some circumstances that can affect your eligibility such as if:

- your return is late, amended or under enquiry
- you are a member of a partnership
- you had a new child
- you have loans covered by the loan charge
- you claim averaging relief
- you are a military reservist
- you are non-resident or chose the remittance basis
- state aid

Find out more information on how your [circumstances affect your eligibility](#).

How to claim

The online service for the third grant will be available from 30 November 2020.

You must [make your claim](#) on or before 29 January 2021.

You should [contact HMRC](#) if you receive any suspicious texts, calls or emails claiming to be from HMRC as this may be a scam.

How we work out the amount of the third grant

This is an example of how we will work out how much grant you will get if your average trading profits were £42,000 over the last 3 tax years.

If you are eligible, you will receive a grant worth of 80% paid out in a single instalment covering 3 months' worth of profits and capped at £7,500 in total.

Example

Average trading profit = £42,000

Divide by 12 = £3,500

Multiply by 3 = £10,500

Work out 80% = £8,400

(you will only receive £7,500 due to the cap)

CONTACT US

If you have any queries or need any advice, please do not hesitate to contact us on:

Tel: 0161 330 3067

Email: admin@sherlockandco.uk

Further support

There will be a fourth grant covering February 2021 to April 2021. We will let you know the details, including the level of the fourth grant in due course.

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