

# Coronavirus (COVID-19) Support

## **SELF-EMPLOYMENT INCOME SUPPORT SCHEME (SEISS) – 2<sup>ND</sup> GRANT**

The Chancellor announced on 29<sup>th</sup> May, that the Self-Employment Income Support Scheme would be extended, with a second tranche of grant funds being made available from August. The scheme will work in much the same way as the 1<sup>st</sup> grant.

### **What's being offered?**

A taxable grant worth 70% of your average monthly net trading profits, up to a maximum of £2,190 per month for the next 3 months.

### **Who is eligible?**

As per the 1<sup>st</sup> grant, the following pre-conditions must be met by an individual to be considered for the 2<sup>nd</sup> grant of SEISS:

- Registered with HMRC as self-employed
- Have submitted a self-assessment tax return for the year to 5<sup>th</sup> April 2019.
- Traded in the 2019/20 and are continuing to trade in the 2020/21 tax year. ie. Post 5<sup>th</sup> April 2020.
- Self-employed trading profits must be **less** than £50,000 and equate to more than half of your overall taxable income. *This **must** have been the case for the 2018/19 tax year or the average of the last 3 years, 2016/17, 2017/18 and 2018/19.*

### **What criteria needs to be met to claim?**

Your business must have been adversely affected by Coronavirus on or after 14 July 2020.

### **What is meant by 'adversely affected'?**

When looking at whether a trade has been adversely affected, there is no specific monetary threshold, and no requirement for income or profits to have fallen by a certain amount. Instead, HMRC gives the following examples of how a business could be adversely affected by COVID-19:

#### **You're unable to work because you:**

- are shielding
- are self-isolating
- are on sick leave because of coronavirus
- have caring responsibilities because of coronavirus

**You've had to scale down or temporarily stop trading because:**

- your supply chain has been interrupted
- you have fewer or no customers or clients
- your staff are unable to come in to work

**Your costs have increased to counter Coronavirus, for example:**

- additional cleaning costs
- installation of signage and screens or costs incurred to enable the business to comply with physical distancing requirements
- provision of protective equipment to staff

**Might I be eligible for 1<sup>st</sup> Grant but not the 2<sup>nd</sup> Grant?**

Yes, if your business was previously adversely affected, but is now fully trading again as normal by 14 July 2020, then you will only be entitled to claim under the first round of the scheme and not eligible to claim the 2<sup>nd</sup> grant.

**Might I be eligible for 2<sup>nd</sup> Grant but not the 1<sup>st</sup> Grant?**

Yes, the 2<sup>nd</sup> grant covers the period on or after the 14 July 2020, so it is possible for an individual or business to have traded normally throughout and not have been adversely affected so as to need to make the 1<sup>st</sup> grant claim, but a change in circumstances post 14<sup>th</sup> July means they are now affected. ie. staff or owners unable to work because of either contracting the virus or having to self-isolate, supply chain affected by an outbreak, etc.

**When is grant payable?**

This is expected to be around early August.

**Is the grant receipt taxable income?**

Yes. The grant income is subject to Income Tax and self-employed National Insurance and should be declared on your 2020/21 self-assessment tax return.

**How to claim?**

There is no set date yet for claiming and the process has yet to be confirmed. However, this will likely follow the same process as the SEISS 1<sup>st</sup> grant claim and applications will be made online, through an individual's Government Gateway account. HMRC will contact all eligible individuals via letter, email or an SMS text with a link to their eligibility checker from which you will then be given a date to apply. There is no need to contact them.

**Will claims be checked by HMRC?**

HMRC guidance suggests they will check claims where they suspect ineligibility and fraudulent claims have been made. It is unclear at present how HMRC will check the veracity of claims, but it is recommended that individuals & their businesses keep records of how they have been adversely affected by Coronavirus. Penalties will be applied against fraudulent claims, with grants expected to be repaid.