

COVID-19 – Self-Employment: What are my options?

Self-Employment Support Scheme (“the Scheme”)

On 26th March 2020, the government announced its support package for the UK’s 4.8 million self-employed workers. Below we provide some clarity on eligibility for the Scheme, the nature of the support offered and the process for accessing support.

Eligibility

To benefit from the Scheme, the following conditions must be met:

- ⇒ You must be self-employed or a member of a Partnership and have traded in 2019/2020, with the intention to continue trading into 2021;
- ⇒ A self-assessment tax return must have been filed for 2018/2019. The deadline for filing has been extended to 23rd April 2020.
- ⇒ Your trading profit must have been less than £50,000 in 2018/2019 or the average trading profit over the last three tax years must be less than £50,000
- ⇒ Half of your income must come from self-employment and your income must have been adversely affected by COVID-19

What support is available?

Eligible applicants to the Scheme will receive a grant of 80% of their average trading profit. This will be calculated by HMRC from the tax returns over the preceding three years. If you have been trading for a shorter period, it will be taken from an average of reported profit from your filed tax returns. However, as eligibility relies on you having traded in 2019/2020, self-employed workers trading after 5th April 2019 will not be covered by the Scheme.

Any grants awarded will be capped at £2,500pcm for the three month period from March to May. Payments are expected to be made in June 2020 in a lump sum, backdated to March. The government has confirmed there is scope for the Scheme to be extended past these three months if circumstances require it.

How do I make a claim?

You do not need to do anything at this stage, other than ensure you tax return for 2018/2019 is filed prior to the extended deadline of 23rd April 2020. HMRC will contact eligible individuals in due course.

If I don’t qualify, what other support is available?

Unfortunately, not all self-employed workers will be eligible under the Scheme. For those who do not qualify, the following further support may be available if you are affected by COVID-19:

- ⇒ VAT Deferral Scheme – if you are a VAT registered business, you may be able to apply to defer your VAT payment until a later date
- ⇒ Self-Assessment payments due to be paid on account in July 2020 may be delayed until January 2021
- ⇒ Business rates holidays for businesses in certain sectors, subject to certain conditions being met
- ⇒ Coronavirus Business Interruption Loan Scheme for SME businesses

These provisions are subject to various criteria being met and eligibility will depend on the nature of your business.