

# MANAGING THE IMPACT OF CORONAVIRUS: SELF-EMPLOYMENT INCOME SUPPORT SCHEME

BRIEFING PAPER 5.0



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## Context

The Government announced (26 March 2020) that it would introduce a scheme to support those self-employed or a member of a partnership and have lost income due coronavirus (COVID-19).

In this briefing paper, the fifth in our series, 'Managing the Impact of Coronavirus', we highlight the Coronavirus Self-employment Income Support Scheme.

## What is the Coronavirus Self-employment Income Support Scheme?

The scheme will enable those self-employed to claim a taxable grant worth 80% of your trading profits up a maximum of £2,500 per month for the next 3 months.

## Who is eligible for the scheme?

You can apply for this scheme if:

- You are a self-employed individual or a member of a partnership
- Have submitted your Income Tax Self-Assessment tax return for the tax year 2018-19
- Traded in the tax year 2019-20
- Are trading when you apply, or would be trading 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
- Your self-employed trading profits must be less than £50,000

More than half your income comes from self-employment as determined by:

- 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

Or.

- Having trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your total taxable income

## What if I started trading between 2016-19?

HMRC will only use those years for which you filed a Self-Assessment tax return.

## What if I haven't submitted my Income Tax Self-Assessment return yet?

You must submit your Income Tax Self-Assessment tax return for the tax year 2018-19 by 23 April 2020.

## What if I have already submitted my Income Tax Self-Assessment?

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

## What grant will I be able to get?

A taxable grant which will be 80% of the average profits from the tax years (where applicable):

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

HMRC will add together the total trading profit for the 3 tax years (where applicable) and then divide this by 3 (where applicable) and use this to calculate your monthly grant amount.

The grant will be capped at £2,500 per month for 3 months.

The grant will be paid directly into your bank account, in one instalment.

## How do I apply?

You cannot apply for this scheme yet.

HMRC will contact you if you are eligible for the scheme and invite you to apply online.

If you claim tax credits you will need to include the grant in your claim as income.

You do not need to contact HMRC as this may cause delays.

## Beware of fraud

Watch out for fraudulent activity. 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 this is a scam.

## Other support available to self-employed individuals

The government is also providing support for self-employed individuals through:

- Deferring Self-Assessment income tax payments due in July 2020
- Deferring VAT payments due from 20 March 2020 until 30 June 2020
- Grants available for those with rateable business rates below £15,000 of up to £10,000 and a £25,000 for those in the retail, hospitality or leisure sector with a rateable value between £15,000 and £51,000
- Removal of the minimum income floor level to access Universal Credit
- Business Interruption Loan scheme

### Get in touch:

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