

SELF-EMPLOYMENT INCOME SUPPORT-SCHEME FAQs

Is the grant taxed?

Yes, the grant is treated as taxable income and will be included on your Tax Return to 5 April 2021.

If my trading profits are above £50,000 in 2018/19 but my average profits for the 3 previous years are below £50,000, will I be eligible?

Yes, so long as your trading profits are more than half of your average taxable income in the same period.

How will HMRC calculate my grant entitlement?

HMRC will add together your trading profits in the last 3 tax years, or less where applicable. Using this total, they will then calculate an average monthly profit.

The grant payment will be 80% of the average monthly profit up to a maximum of £2,500 per month.

Can I claim if I have self-employment and employment income?

Yes, you can, so long as your average self-employment trading profits are less than £50,000 and represent more than 50% of your total taxable income. For example, if your average trading profits are £40,000 and your employment taxable earnings are less than £40,000, then you will be eligible.

I have not been self-employed for 3 years; do I still qualify?

Yes, if you started trading between 6 April 2016 and 5 April 2019. HMRC will only use those years for which you filed a self-assessment tax return.

What are “trading profits” defined as?

Income less business expenses; otherwise known as taxable income.

What if I haven't yet filed my 2018/19 tax return; can I still apply?

If you submit your tax return before 23 April 2020, HMRC will consider if you are eligible.

Can I contact HMRC now and apply for the grant?

No, unfortunately you can't do this. The scheme is not yet live and HMRC will contact you.

Does the grant affect my tax credits claim?

Yes, you will need to include the grant as income on your tax credits claim.

If I started self-employment after 6 April 2019, am I eligible?

No, in the current guidelines you would not be eligible.

Can I continue to trade and claim the grant?

Yes, you can.

Does this scheme apply to individuals operating via a personal service company?

No, the scheme only applies to those individuals who are self-employed or a partner in a partnership. However, their salary may be covered by the Coronavirus Job Retention Scheme if they are operating a PAYE scheme.

CONTACT US

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