

SELF-EMPLOYED INCOME SUPPORT SCHEME – HELP FOR THE SELF-EMPLOYED

The scheme is similar to the Coronavirus Job Retention Scheme but with important differences:

TO QUALIFY FOR THE SCHEME, A SELF-EMPLOYED INDIVIDUAL MUST SATISFY THE FOLLOWING CONDITIONS:

- The individual must be self-employed or a partner in a partnership
- The individual must have a trading profit of less than £50,000 in 2018-19 or an average trading profit of less than £50,000 from 2016-17, 2017-18 and 2018-19
- They must have filed a 2018/19 tax return. Late filers must bring their returns up to date by 23rd April 2020
- If they have other sources of income, their self-employed income must represent at least 50% of their total income

IF THE QUALIFYING CONDITIONS ARE MET:

- The scheme will pay self-employed individuals a taxable grant equal to 80% of average profits over the last 3 years but capped at £2,500 per month
- The grants will be made for 3 months to 31 May 2020 (i.e. backdated to 1 March 2020) but will be extended if needed
- The self-employed individuals can continue to carry on in business (i.e. there is no requirement for them to “furlough” themselves)
- The grants will be paid as a lump sum for the three months directly to the bank accounts of the individuals (rather than being offset against tax liabilities owing to HMRC) at the beginning of June 2020.

HMRC already have (subject to late filers bringing returns up to date) the information they need to identify the individuals eligible for this scheme. They will be contacting those individuals to invite them to apply for this scheme.

If individuals commenced their self-employment after 6 April 2019, they are not eligible for this scheme.

The HMRC press release also says, “those who pay themselves a salary and dividends through their own company are not covered by the scheme but will be covered for their salary by the Coronavirus Job Retention Scheme if they are operating PAYE schemes.” This means that the estimated 400,000 personal service companies in existence who typically pay a low salary to the owner/director and top their earnings up with dividends are falling between the gaps as they are not covered in any meaningful way by either the Job Retention Scheme or the Self-Employment Income Support Scheme.