

On 26 March the Chancellor announced an income support package for self-employed individuals and members of partnerships.

### 1. What support is available?

Taxable grants of up to £2,500 per month are available for qualifying individuals who have trading profits or partnership trading profits of less than £50,000.

In order to qualify, your business trading income must comprise more than half of your total taxable income for 2018/19 or over an average three-year period. These grants are available to support three months' worth of income and are capped at £2,500 or 80% business profits, whichever is the lower.

The maximum available grant is £7,500.

### 2. Are there other conditions that must be satisfied?

Yes. In addition, you must:

- Have submitted your 2018/19 tax return reporting your self-employment / partnership income by 23 April 2020
- Traded in the tax year 2019/20, and still be trading (or would be except for Covid-19)
- Intend to continue trading in 2020/21
- Have lost business profits due to Covid-19

Note this means that if you started your self-employment or became a partner during 2019/20, or permanently ceased trading during 2019/20, you will not be eligible to claim.

### 3. What are my trading profits?

Trading profits are shown on your tax calculation as either profit from self-employment or partnerships.

The total trading profit is calculated after taking into account allowable tax deductions such as business expenses, annual investment allowance and other capital allowances.

Losses brought forward from previous years and your personal allowance are not deducted when calculating your trading profit for the year.

#### 4. What is non-trading income?

This is the amount recorded as 'total income received' on your tax calculation, less your trading income. Non-trading income includes:

- Employment income
- Property income
- Dividend income
- Savings income
- Pension income

#### 5. How do I know if I am eligible?

HMRC will firstly look at your 2018/19 tax return. If your trading profits for this year are below £50,000 and equal to or more than your non-trading income for the year, then you are eligible.

If you are not eligible based on your 2018/19 tax return then HMRC will then look at the following, depending on your trading history. You will be eligible if you can answer yes to the following questions:

- Trading for all three years 2016/17 – 2018/19
  - Is your average trading profit for the three-year period below £50,000?
  - Is your trading profit equal to or more than your non-trading income over the three-year period?
- Trading for two years 2017/18 – 2018/19
  - Is your average trading profit for the two-year period below £50,000?
  - Is your trading profit equal to or more than your non-trading income over the two-year period?
- Trading in 2016/17 and 2018/19 but not 2017/18
  - HMRC will work out your average trading profit based on the tax year 2018/19 only

If you are a farmer or market gardener and claim averaging relief, HMRC will use the profit before the averaging claim to work out eligibility and how much grant you will receive.

If you make a loss in a year, this will be deducted from profits in another year when calculating your average.

#### 6. I have more than one trade, will I qualify?

You are potentially eligible for the scheme. HMRC will add together all profits and deduct losses for all the trades to work out your trading profit.

## 7. Is there a way to check my eligibility?

Yes. HMRC has provided a checking tool which can be found here:

<https://www.tax.service.gov.uk/self-employment-support/enter-unique-taxpayer-reference>

All you will need is your unique taxpayer reference (UTR) and your national insurance number (NINO).

Your UTR and NINO can usually be found in the top left-hand corner on the front page of your tax return.

## 8. How will my grant be calculated?

If you are eligible for a grant, HMRC will use your annual trading profit (averaged if required), apportion this for a three month period and calculate 80%. You will receive this amount or £7,500 (whichever is lower).

*Example: Your average trading profit is £45,000. Dividing this by 12 gives a monthly profit of £3,750, and a profit for three months of £11,250. 80% of this is £9,000. As the maximum amount payable for the grant is £7,500, this is the amount you will receive.*

## 9. I qualify for the grant; how do I apply?

The online claim service will be available from 13 May. HMRC will contact you to notify you of the date you can make your claim from.

Note that it is not possible for us as agents to make this claim on your behalf.

In order to make your online application you will need a government gateway account. If you do not have this already, you can set one up now. You can create this account when you check your eligibility online.

To make the claim you will only need your:

- UTR - if you do not have this [find out how to get your lost UTR](#)
- NINO - if you do not have this [find out how to get your lost National Insurance number](#)
- Government Gateway user ID and password
- Bank account number and sort code you want the grant paid into

You will also have to confirm to HMRC that your business has been adversely affected by coronavirus.

## 10. When will I receive my grant?

Once you have submitted your claim, you will be told straight away if your grant is approved. The grant will be paid into your bank account within 6 working days.

## 11. Is the grant taxable?

Yes. You will need to report the grant on your tax return. It is also reportable self-employment income for Universal credit and working tax credit claims.

## 12. I do not qualify for the grant, what support is there for me?

Unfortunately, not everyone will qualify for support under the scheme. For those who do not fit the criteria, depending on your circumstances, it may be possible to benefit from other measures that the chancellor has announced:

- Deferral of 31 July payments on account
- Grants for businesses that pay little or no business rates
- Universal credit
- Business interruption loan scheme
- Bounce back loans for small business

If you would like to discuss whether this grant will be available to you or any of the above additional measures, please ask your normal B&B contact.

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