



Burgis & Bullock  
Chartered Accountants

## Coronavirus Self Employment Income Support Scheme (SEISS) what you need to know – FOURTH GRANT

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**CLAIMS FOR THE LATEST ROUND OF SUPPORT ARE NOW OPEN. HMRC ADVISES THAT IT WILL CONTACT YOU DIRECTLY IF YOU ARE POTENTIALLY ELIGIBLE AND GIVE YOU A CLAIM DATE. IF YOU WERE NOT ELIGIBLE FOR THE EARLIER GRANTS YOU MAY BE ELIGIBLE FOR THIS ONE AND VICE VERSA.**

**At the Spring Statement details were released on the extension to the self-employment income support scheme (SEISS).**

### 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 2019/20 or over an average four year period. These grants are available to support three months' worth of income (February – April 2021) and are capped at £2,500 or 80% average monthly business profits, whichever is the lower. The maximum available grant is £7,500 and will be paid in one lump sum.

**Applications for the fourth grant must be on or before 1 June 2021.**

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

Yes. In addition, you must:

- Have submitted your 2019/20 tax return reporting your self-employment / partnership income by 2 March 2021.
- Traded in 2019/20 and 2020/21
- Intend to continue to trade

Note that this means that if you started your self-employment or became a partner during 2019/20, you may potentially be able to claim the fourth grant even though you were not eligible for the first three.

Conversely, as the calculations take into account your 2019/20 trading results, it is possible that if you did qualify for the first three grants you may not be eligible for the fourth.

**To make a claim for the fourth grant your business must have a new or continuing impact from Covid-19 between 1 February 2021 and 30 April 2021. You must either:**

- **be currently trading but are impacted by reduced demand due to Covid-19**
- **have been trading but are temporarily unable to do so due to Covid-19**

**You must also declare that you:**

- **intend to continue to trade**
- **reasonably believe there will be a significant reduction in your trading profits**

### 3. What does 'impacted by reduced demand' mean?

In order to claim the fourth grant, you must reasonably believe that you'll suffer a significant reduction in trading profits, due to reduced business activity, capacity, demand or inability to trade due to Covid-19.

You do not have to consider any other Covid-19 scheme support payments that you have received when deciding if you've had a significant reduction in your trading profits.

For example, you:

- have fewer customers or clients than you'd normally expect, resulting in reduced activity due to social distancing or government restrictions
- have one or more contracts that have been cancelled and not replaced
- carried out less work due to supply chain disruptions

**You must not claim if the only impact on your business is increased costs.** For example, if you've had to purchase face masks and cleaning supplies. This would not be considered as reduced activity, capacity or demand.

The criteria for this grant is similar to the third grant.

There are harsh penalties for individuals making fraudulent claims. We therefore strongly recommend that if you are making a claim you keep a written record of how and why you believe your demand has been reduced.

### 4. What does 'temporarily unable to trade' mean?

This applies to you if you are temporarily unable to carry out your business activities due to Covid-19, because for example:

- your business has had to close due to government restrictions
- you have been instructed to shield or self-isolate in-line with NHS guidelines and are unable to work from home (if you've been abroad and have to self-isolate, this does not count)
- you have tested positive for coronavirus and are unable to work
- you cannot work due to parental caring responsibilities, for example as a result of school or childcare facility closures

If you had to close before 1 February 2021 and continued to be closed for a period of time up to 30 April 2021, you can still claim as long as you are eligible.

There are harsh penalties for individuals making fraudulent claims. We therefore strongly recommend that if you are making a claim you keep a written record of how and why you believe you were temporarily unable to trade.

### 5. What does 'a significant reduction in trading profits' mean?

In making the claim you are required to make a declaration that there will be a significant reduction in your trading profits for the tax year you report them in (this depends on your accounting year end). The period over which you are affected must be between 1 February 2021 and 30 April 2021.

You will need to consider your individual and wider business circumstances when considering whether your reduction in trade is significant. It is recommended that you wait to make the claim

until you have the reasonable belief that that your trading profits are going to be significantly reduced.

To help you make your decision there are some useful examples or reduced demand, temporarily unable to trade and reasonable belief of a significant reduction in trading profits given by HMRC here: <https://www.gov.uk/guidance/how-your-trading-conditions-affect-your-eligibility-for-the-self-employment-income-support-scheme#examples>

## 6. What are my trading profits?

Trading profits are shown on your tax calculation as either profits 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.

## 7. 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

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

HMRC will firstly look at your 2019/20 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 potentially eligible.

If you are not eligible based on your 2019/20 tax return then HMRC will then look at the following, depending on your trading history, to determine whether the conditions are met:

- If you started trading in 2019/20
  - HMRC will only use your trading profits and non-trading income from this year to work out if you are eligible.
- If you have traded for longer
  - Eligibility will be calculated based on an average of the tax years 2016/2017, 2017/2018, 2018/2019 and 2019/2020
  - If you have a gap in the years you've traded, HMRC will only use your most recent tax returns after the gap, to work out your eligibility.

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.

## 9. 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.

## 10. 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.*

## 11. I qualify for the grant, how do I apply?

The online claim service will be available from late April. 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

## 12. 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.

## 13. 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.

## 14. 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:

- Grants for businesses that pay little or no business rates in retail, hospitality or leisure <https://www.gov.uk/guidance/check-if-your-retail-hospitality-or-leisure-business-is-eligible-for-business-rates-relief-due-to-coronavirus-covid-19>
- Business recovery loan scheme <https://www.gov.uk/guidance/recovery-loan-scheme>

- Test and Trace support payments <https://www.gov.uk/government/publications/test-and-trace-support-payment-scheme-claiming-financial-support>

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.

15. I believe I may have claimed previous grants in error what do I need to do?

**If you believe you have made a claim for a grant that you are not entitled to, you must tell HMRC as soon as possible.** <https://www.gov.uk/guidance/tell-hmrc-and-pay-the-self-employment-income-support-scheme-grant-back>

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