



4TH APRIL 2020

CORONAVIRUS SELF EMPLOYMENT INCOME SUPPORT SCHEME DETAILED GUIDANCE

COVID-19 (CORONAVIRUS)

Coronavirus is a global health crisis with far reaching implications, the extent of which are still becoming apparent. The overwhelming priority is now to contain the virus and minimise its spread, reducing the impact it will have on individuals, families and communities around the world. Our thoughts are with all those that have been affected.

We at Pawley & Malyon are committed to supporting our clients through this period of extended uncertainty. Our staff are already working to provide guidance and support to our clients.

Events are moving very fast and information is constantly being updated in relation to the UK Government's funding response to Covid-19. Our aim is to summarise the information we are currently aware of and make this available to our clients and contacts.

DISCLAIMER

This publication has been written in general terms and may not include all relevant information. We recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Pawley & Malyon Limited accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication. There are a few areas where we are expecting further clarification in relation to the process of defining and agreeing the relevant scheme's details, specifications and eligibility and therefore information is subject to change.

WHAT IS IT?

This scheme will allow you to claim a taxable grant worth 80% of your trading profits up to a maximum of £2,500 per month for the next 3 months. This may be extended if needed.

WHO CAN APPLY?

You can apply if you're a self-employed individual or a member of a partnership and you:

- ✦ 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 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 also be less than £50,000 and more than half of your income come from self-employment. This is determined by at least one of the following conditions being true:

- ✦ 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
- ✦ having average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period

If you started trading between 2016-19, HMRC will only use those years for which you filed a Self-Assessment tax return.

 **If you have not submitted your Income Tax Self-Assessment tax return for the tax year 2018-19, you must do this by 23 April 2020.**

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

HOW MUCH YOU'LL GET

You'll 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

To work out the average HMRC will add together the total trading profit for the 3 tax years (where applicable) then divide by 3 (where applicable), and use this to calculate a monthly amount.

It will be up to a maximum of £2,500 per month for 3 months.

HM Revenue & Customs pay the grant directly into your bank account, in one instalment.

HOW TO 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.

Individuals do not need to contact HMRC now and doing so will only delay the urgent work being undertaken to introduce the scheme.

You will access this scheme only through GOV.UK. 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, it is a scam.

AFTER YOU'VE APPLIED

Once HMRC has received your claim and you are eligible for the grant, we will contact you to tell you how much you will get and the payment details.

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

CONTACT US

In line with government advice, we are all currently working from home and therefore where possible please contact us by e-mail in the first instance

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