



COVID-19 **Self Employed Income** **Support Scheme**



Your Host:

Stephen Relf FCA, CTA

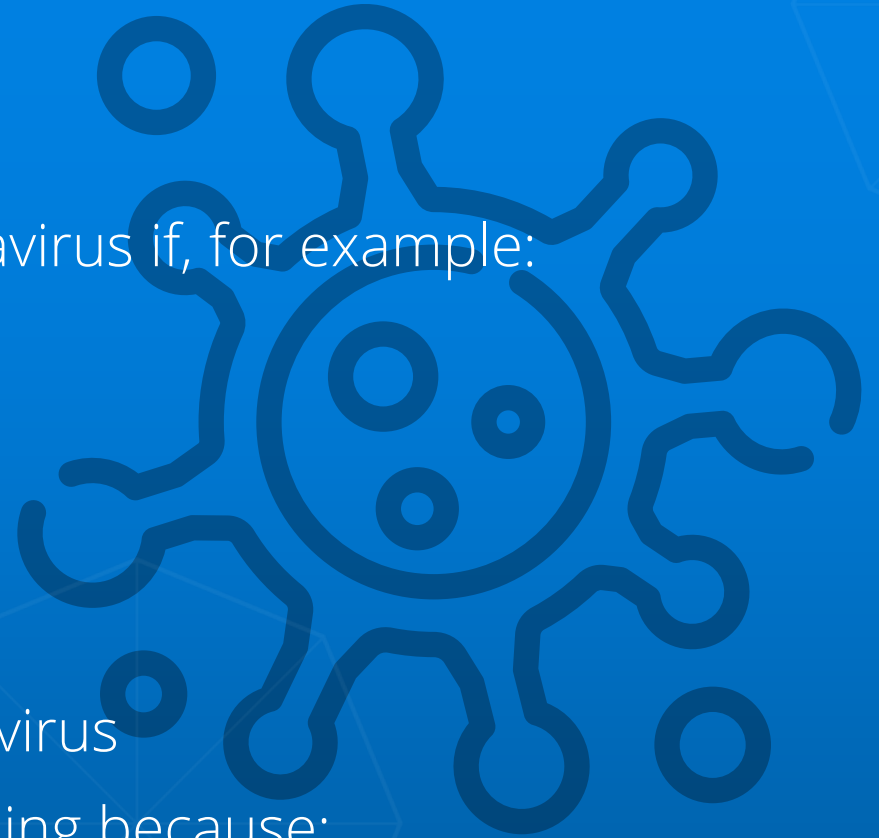
Conditions

1. They carried on a trade in 2018-19.
2. They submitted their tax return for 2018-19 on or before 23 April 2020.
3. They carried on a trade in 2019-20.
4. They intend to continue to trade in 2020-21.
5. Their trade has been adversely affected by COVID-19.
6. They meet the profits condition.

“Adversely affected”

Your business could be adversely affected by coronavirus if, for example:

- ✦ you're unable to work because you:
 - ✦ are shielding
 - ✦ are self-isolating
 - ✦ are on sick leave because of coronavirus
 - ✦ have caring responsibilities because of coronavirus
- ✦ you've had to scale down or temporarily stop trading because:
 - ✦ your supply chain has been interrupted
 - ✦ you have fewer or no customers or clients
 - ✦ your staff are unable to come in to work



Profits condition

The person meets at least one of the following tests:

For 2018-19:

- Trade profits are more than £0 and less than £50,001;

AND

- Trade profits are at least equal to non-trade income.

Over the relevant period:

- Average trade profits are more than £0 and less than £50,001;

AND

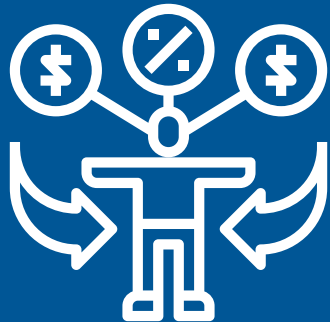
- Total trade profits are at least equal to total non-trade income.

Key terms



Trade profit

- ✦ Trade income less allowable expenses.
- ✦ Before bfwd losses and claims for averaging relief.
- ✦ Combine where more than one trade.



Non-trade income

- ✦ Taxable income from all sources except trade
- ✦ Eg dividends; earnings; property business profit
- ✦ Ignore personal allowance

Relevant period

Traded in 2016-17?	Traded in 2017-18?	Traded in 2018-19?	Relevant period
Yes	Yes	Yes	2016-17, 2017-18 and 2018-19
No	Yes	Yes	2017-18 and 2018-19
No	No	Yes	N/A
Yes	No	Yes	N/A

Example

				Relevant period	
	2016-17	2017-18	2018-19	Total	Average
Trade 1 profit/(loss)	£37,000	£35,000	£53,000		
Trade 2 profit/(loss)	£2,000	(£4,000)	(£1,500)		
Combined trade profit	£39,000	£31,000	£51,500	£121,500	£40,500
Non-trade income	£6,000	£6,000	£6,000	£18,000	N/A

Calculation

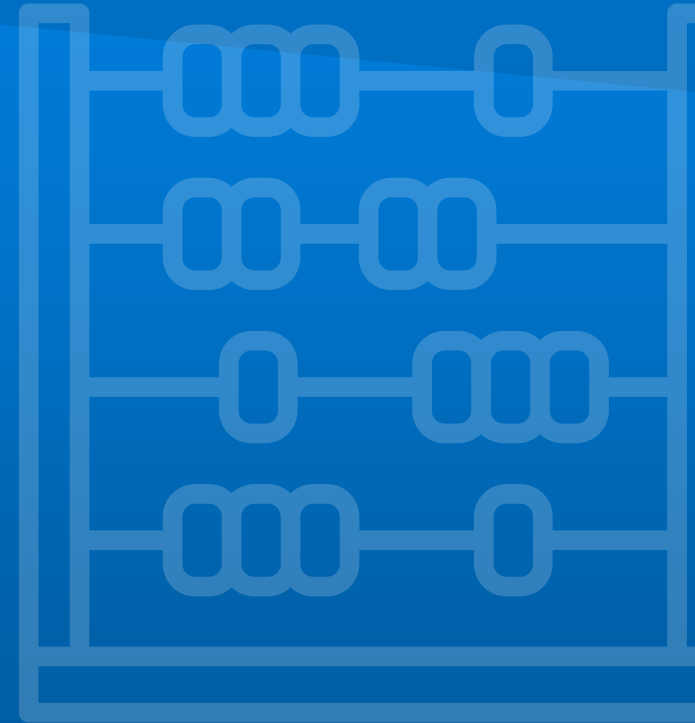
Step 1: Calculate average trade profits for relevant period = A

Step 2: $A / 12 = B$

Step 3: $B \times 3 = C$

Step 4: $C \times 80\% = D$

Step 5: Cap D at £7,500.



Example

Trade profits:

2018-19	£28,000
2017-18	£16,000
2016-17	£10,000
Total	<u>£54,000</u>

Step 1	£54,000 / 3	£18,000	A
Step 2	A / 12	£1,500	B
Step 3	B x 3	£4,500	C
Step 4	C x 80%	£3,600	D
Step 5	Apply cap of £7,500 to D		

Amount of the grant £3,600

Process

HMRC calculate grant



HMRC contact individual



Individual claims the grant

From 13 May

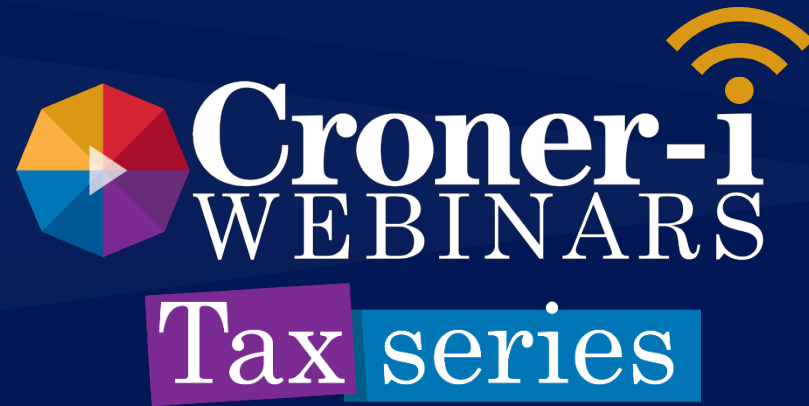


HMRC pays the grant to the individual

6 working days



Individual includes the grant in their tax return



We can help.

bit.ly/covid19-tax



0800 231 5199



croneri.co.uk



THANK YOU



0800 231 5199



croneri.co.uk

Follow us

