



## **CORONAVIRUS COVID-19 – SELF EMPLOYMENT INCOME SUPPORT SCHEME (SEISS) 2021 (4<sup>TH</sup> GRANT)**

### **BACKGROUND**

As a Self employed taxpayer (and/or a sole trader), and where you have met the specific eligibility criteria, you will already have had the benefit of some financial support via the Coronavirus (COVID) Self Employment Income Support Scheme (SEISS).

The SEISS scheme has provided taxable grants of various % levels of a Self Employed taxpayer's average monthly trading profits to date – **these were payable in June and August 2020, and January 2021 (the First, Second and Third grants).**

The SEISS scheme was originally meant to be a short term financial support for the Self employed, however given the ongoing impact of COVID-19 on the economy, this scheme has now been further **extended through to September 2021.**

Under the additional extension of the SEISS scheme into 2021, there are now two remaining grants that are available to Self Employed taxpayers:

- **Fourth Grant:** for the period from February to April 2021 **AND**
- **Fifth Grant:** for the period from May to September 2021

The Fourth SEISS grant is due to open for claims from the end of **April 2021**, and most eligible individuals are expected to be contacted directly by HMRC over the coming weeks.

All claims for the Fourth SEISS grant are required to be made on or before 1 June 2021 !

The Fifth Grant will be detailed in due course - **and is likely to be at 30% of average trading profits i.e. a tapering off of Government support.**

### **ELIGIBILITY**

- The extension to the SEISS scheme is for self-employed individuals who are
  - actively continuing to trade, **but**
  - are facing reduced demand due to coronavirus (COVID-19)
- The Fourth SEISS grant will be a maximum of £7,500 or 80% of 3 months' average trading profits.
- Claims for the SEISS grant **MUST** be made by the taxpayer themselves, and therefore Sakura or your Agent cannot action a claim under the scheme on your behalf
- As per previous grant claims, HMRC will check claims and take appropriate action to withhold or recover payments found to be dishonest or inaccurate.
- Similarly there is no requirement that an earlier SEISS grant has been claimed in order to be able to claim the upcoming fourth grant.



## **MAKING A CLAIM**

When making a claim application under the SEISS scheme, it will need to be via the online portal, and as per the prior grants - you will need the following information:

- Self Assessment UTR** – your unique tax reference number from HMRC (on your tax return)
- Government Gateway user ID and password** (HMRC Online Services ID) - if you do not have a user ID, you can create one when you check your eligibility online
- Bank account number and sort code** – where the grant monies are to be paid
- Coronavirus Impact** – you will need to confirm to HMRC that your business has been adversely affected by coronavirus.

Once the claim has been successfully submitted, there will be an immediate confirmation of approval.

## APPENDICES + DEFINITIONS –

### 1. REDUCED TRADING ACTIVITY DUE TO COVID-19

- **If you're currently trading but have reduced demand**

You must keep any evidence that your business has had reduced activity, capacity or demand due to coronavirus at the time you made your claim, such as:

- business accounts showing reduction in activity compared to previous years
- records of reduced or cancelled contracts or appointments
- fewer invoices
- a record of dates where you had reduced demand or capacity due to government restrictions

- **If your business is temporarily unable to trade**

You must keep evidence if your business has been unable to trade due to coronavirus, such as:

- a record of dates where you had to close due to government restrictions
- NHS Test and Trace communications - if you've been instructed to 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)
- a letter or email from the NHS asking you to shield
- test results if you've been diagnosed with coronavirus
- letters or emails from your child's school

### 2. CALCULATIONS OF THE AVERAGE TRADING PROFITS

The **£50,000 trading profits threshold (for eligibility)** will be 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) OR
- 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)

Where you have commenced trading between 2016 and 2019, and therefore have less than 3 years trading activity, then HMRC will only use those years for which a Self-Assessment tax return has been filed.

#### Calculation of the Grant under the SEISS Scheme

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
- apply the % rule or maximum
- apply the monthly amount calculated for a period of 3 months