**Welfare Rights & COVID 19**

**Self Employment Income Support Scheme**

**What does it offer?**

The scheme will allow you to claim a grant of 80% of your average monthly trading profits, paid out in a single payment covering 3 months, and will be capped at £7,500 altogether. The scheme is temporary and the money does not need to be paid back, however it will be taken into account for income tax purposes.

You can continue to trade and work if you are granted payment under the scheme.

**Who can claim?**

Anyone who is self-employed or a member of a partnership can apply if they meet the following conditions:

* you traded in the tax year 2018 to 2019 and submitted your Self-Assessment tax return on or before 23 April 2020 for that year
* you traded in the tax year 2019 to 2020
* you intend to continue to trade in the tax year 2020 to 2021
* you carry on a trade which has been ‘adversely affected’ by coronavirus

You are not eligible for the grant scheme if you are a limited company or operating a trade through a trust. In addition, grants under this scheme are not counted as ‘public funds’ and can be claimed under all categories of work visa.

If you are not eligible for the scheme based on your 2018/2019 tax return, HMRC will check the tax years 2016 to 2017, 2017 to 2018, and 2018 to 2019 instead.

**What does ‘adversely affected by coronavirus’ include?**

If you have been unable to work because:

* You have been shielding
* You have been self-isolating
* You have been on sick leave due to COVID 19
* You have had caring responsibilities caused by COVID 19

Or you have had to scale down trade due to the following:

* Your supply chain has been interrupted
* You had had fewer customers
* Your staff have been unable to work

**How is the grant calculated?**

You’ll get a taxable grant based on your average trading profit over the 3 tax years:

2016 to 2017

2017 to 2018

2018 to 2019

An average trading profit is calculated by adding together your total trading profits or losses for the 3 tax years, then dividing by 3.

The grant will be 80% of your average monthly trading profits, paid out in a single instalment covering 3 months, and capped at £7,500 altogether.

For detailed information on how ‘trading profits’ are calculated, and how the calculation can differ depending on what tax years you have traded in, you are urged to go to: <https://www.gov.uk/guidance/how-hmrc-works-out-total-income-and-trading-profits-for-the-self-employment-income-support-scheme#threeyears>

**I submitted my tax return late – will this affect my entitlement to the grant?**

If you did not submit your Self-Assessment tax return for the tax year 2018 to 2019 on or before 23 April 2020 you will not be able to claim. When working out your grant amount HMRC will not take into account Self-Assessment tax returns for the tax years 2016 to 2017 or 2017 to 2018 if they are submitted after 23 April 2020.

It should also be noted that any amendments or changes made to submitted returns after the 26th March 2020 will not be taken into account under the scheme.

**I’ve already claimed Universal Credit – will this grant payment this affect my claim?**

A claim for Universal Credit is not a barrier to making a grant application and any payments of Universal Credit should not affect the amount you are paid under the grant scheme.

However it’s important to note that grant payments will be taken into account under Universal Credit as self-employed income. This means that going forward you may receive less or no payment going forward from Universal Credit if you are paid from the grant scheme.

Where profits exceed £2,500 per month, the surplus is carried forward to the following month and offset against future entitlement. Where losses occur, but someone is still funding costs (such as rent or vehicle), losses may also be carried forward for Universal Credit.

This may result in a reduction of Universal Credit, where the payment under the grant scheme is greater than £512 per month (or £292 depending on the [applicable work allowance](https://www.rightsnet.org.uk/resources/benefit-tax-credit-rates#universal_credit)). Individuals bearing ongoing costs which result in a loss, can offset these against the grant income before calculating their profits for any UC reclaim.

It’s therefore considered that the grant payment will be treated as 1 one off payment rather than 3x monthly payments for previous assessment periods. If you think that the grant payment has been counted as 3x payments and this has then triggered an overpayment, you are urged to contact an [advice centre](http://thcan.org.uk/).

\*\*all information regarding the Self-Employment Income Support Scheme has been taken from <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>