

Now Open

Second Self-Employed Income Support Scheme Grant

The Government grant to self-employed individuals whose businesses have been adversely affected by coronavirus – is made up of two grants.

The first grant closed on 13 July 2020, but the second and final grant opened for applications on 17 August 2020.

Here is what you need to know about the second grant:

- It is now open for applications and the last date to apply is 19 October 2020.
- It is worth up to 70% of 3 months of your trading profits. It is capped at £2,190 a month and is taxable at a total of £6,570. As it is a grant, and so you do not need to pay it back, but it is taxable as part of your 2020/21 profit.
- You do not need to have claimed the first grant to receive the second grant. And if you have claimed the first, you can claim the second as long as you are still eligible.
- You need to have been adversely affected by coronavirus on or after 14 July 2020 to claim it. Individuals are considered by HMRC to have been adversely affected by coronavirus if, for example:

They are unable to work because they:

- Are [shielding](#).
- Are self-isolating.
- Are on sick leave because of coronavirus.
- Have caring responsibilities because of coronavirus.

They have had to scale down, temporarily, stop trading or incurred additional costs because:

- Their supply chain has been interrupted.
 - They have fewer or no customers or clients.
 - Their staff are unable to come in to work.
 - One or more of their contracts have been cancelled.
 - They had to buy protective equipment so they could trade following social distancing rules.
- **Grants are based on your profits over three tax years.** This is based on an average of the tax returns for 2016/17, 2017/18 and 2018/19. If you did not trade in 2016/17, it is based on the average of 2017/18 and 2018/19. If you did not trade in 2017/18, the amount is based on 2018/19 only, even if you traded in 2016/17.
 - **You must have filed a tax return for 2018/19.** This means you must have been self-employed prior to 6 April 2019. The last possible moment to file a 2018/19 tax return was 23 April 2020. The deadline had been extended from 31 January 2020. If you only had a few months' self-employment on your 2018/19 return, this is counted as your total profit for the year – the Government will not pro-rata it based on your monthly profits.
 - **You must earn more than 50% of your total income from self-employment.** To check this, HMRC will first look at your 2018/19 tax return to see if it was the case then. If you are not eligible based on 2018/19 alone, it will then look at the tax years 2016/17, 2017/18 and 2018/19 to see if the average of your trading profits across the three years were more than 50% of your total income. Income from property, dividends, savings, pensions and taxable benefits all count as "non-trading income" and, to qualify for the SEISS, the total of these combined must NOT exceed 50% of your total income.

- **Your average trading profit must be less than £50,000/year.** This is essentially a 'cliff-edge' requirement – so those whose average annual trading profit is more than £50,000 (to be specific, £50,000.01 and above) will not be able to get any support from this scheme. HMRC will first check your 2018/19 tax return – if you met the requirements that year, you will be eligible. However, if you earned more than £50,000 (or earned less than half of your income from self-employment) in 2018/19, it will check your 2016/17 and 2017/18 tax returns if you filed them for those years. If on average over the three years you earned less than £50,000 and made more than half your income from self-employment, you will be eligible.
- **Unlike the employee scheme (furlough), here you can keep working.** You do not need to prove coronavirus impact, though you need to declare your business has been impacted on or after 14 July 2020. HMRC is introducing checks to prevent fraud.
- **You can also apply for and get universal credit (SEISS does not make you ineligible).** But once you start receiving self-employed income support too then this will be classed as income, meaning the amount of universal credit you receive will decrease. But you will not have to pay back previous months of universal credit because of your SEISS payment. **If you can wait, in some cases it could be worth delaying your SEISS application to maximise your universal credit award.**
- **How to apply for the second SEISS grant:**
 - You need to apply via the official Government claims portal. The application will tell you if you are not eligible
 - To apply, or check, you need the following information:
 - Self-assessment unique taxpayer reference (UTR)
 - National insurance (NI) number
 - Government Gateway user ID and password – if you do not have a user ID, you can create one when you make your claim
 - UK bank details (only provide bank account details where a Bacs payment can be accepted) including the: bank account number, sort code, name on the account, address linked to your bank account. **IMPORTANT:** You must make the claim yourself. Unfortunately, as Tax agents we cannot make the claim on your behalf as this will trigger a fraud alert.

How can we help?

Please contact us if you need any support or guidance and as usual, we will endeavour to help.

Kind regards,

Baker Watkin Accounting Ltd

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Baker Watkin Accounting Ltd

Stevenage

Telephone:01438 750555

Email: enquiries@bakerwatkin.co.uk Website: www.bakerwatkin.co.uk