



# Sole Trader Grants coronavirus (**COVID-19**)

Frequently Asked Questions

# Claim a grant through the coronavirus (COVID-19) Self-employment Income Support Scheme (SEISS)

## Frequently Asked Questions (FAQs)

### 1. Who can use the scheme?

All self-employed people in UK or any member of a partnership in the UK who have lost trading income due to coronavirus.

### 2. What are the eligibility requirements for the scheme?

You can claim if you meet the below requirements:

- You were running a sole trader business and have submitted your Self-Assessment tax return for the tax year 2018 to 2019.
- You were trading in the tax year 2019 to 2020 and are trading when you apply, (or would be except for coronavirus).
- You intend to continue to trade in the tax year 2020 to 2021.
- You have lost trading profits due to coronavirus.
- Your sole trader profits for 2018/19 or the average profits over the 3 tax years 2016/17, 2017/18 and 2018/19, did not exceed £50,000 and represented more than half of your total income.

### 3. How much will I get?

Under the first grant, you will get a taxable grant based on your average trading profit over the 3 tax years 2016/17, 2017/18 and 2018/19. The total trading profits and losses for the last 3 years will be added together then divided by 3 to arrive at the average trading profits. The grant will be 80% of your average trading profits, or up to a maximum of £2,500 a month, whichever is lower.

Example: Mr Smith is a sole trader running a café since 2010 and due to Covid-19 had to shut down his business completely. He had the below trading profits and losses in the last 3 tax years:

2016/17	£45,000
2017/18	(£30,000)
2018/19	£50,000

**Step 1:** The profits and losses of the 3 tax years are added together and divided by 3, to arrive at average trading profits =  $£65,000/3 = £21,667$ .

**Step 2:** The grant will be paid monthly, so the average trading profits from Step 1 need to be divided by 12 =  $£21,667/12 = £1,805$ .

**Step 3:** The maximum Mr Smith can receive is lower of:

- 80% of £1,805 or
- £2,500.

**Step 4:** 80% of £1,805 = £1,444; which is lower than £2,500.

So, Mr Smith is eligible to receive a taxable monthly grant of £1,444 from March to May 2020.

**Note:** If you started trading part way through the last 3 tax years, the calculation will be worked out on your average trading profits based on continuous periods of self-employment. For example, someone who started trading in 2017/18, their trading profits and losses for tax years 2017/18 and 2018/19 will be considered to calculate the average trading profits.

#### 4. What is the process of the application for the grant?

- As a self-employed individual, you will be invited by HMRC to apply for the grant on or after 13<sup>th</sup> May 2020. At this stage it's important to determine whether you meet the eligibility criteria as HMRC will follow a risk-based approach to check if you meet the scheme requirements. In the meantime, you can check your eligibility using [HMRC's online tool](#).
- You will need your personal Government Gateway user ID and password - if you do not have a user ID, you should create one immediately.
- We will organise all the details and documentation and guide you in completing the application.
- Once HMRC has received the claim and the grant is approved, HMRC will contact you to explain the amount and process the payment within 6 days.

*Be careful of fraudsters using texts, telephone calls or emails pretending to be HMRC or the government and requesting your bank account details. You will be asked to access the SEISS through an online portal only.*

#### 5. When will I be able to make the claim for the second grant?

- You can claim for the second and final grant, even if you did not make a claim for the first grant.
- Applications can be made starting from the 17<sup>th</sup> August 2020.

#### 6. What are the eligibility requirements for the second grant ?

- The eligibility will work out the same way as the first grant – <https://www.tax.service.gov.uk/self-employment-support/enter-unique-taxpayer-reference>
- You will also have to confirm that your business has been adversely affected on or after the 14<sup>th</sup> of July 2020.

#### 7. How much will I get?

- The second grant will be a taxable grant worth of 70% of your average monthly trading profits, paid out in a single instalment covering a further 3 months' worth of profits, and capped at £6,570 in total.
- You can claim for the second and final grant even if you did not make a claim for the first grant.

## **8. I don't have a Government Gateway ID and can't claim online?**

Currently the applications can only be filed online using a government gateway ID and password, so it is recommended you create one immediately. Otherwise you will need to wait till an alternative method becomes available to access the scheme.

## **9. Are directors or shareholders running their personal service companies eligible for the scheme?**

No, SEISS only covers the self-employed and not those people who are working through a limited company. If you are a director taking salary from your limited company, you might be eligible for the Coronavirus Job Retention Scheme. Please speak to us today for more information.

## **10. My total income is more than £50k in 2018/2019 but my average of 3 years is less; will I be eligible?**

Yes, if your average trading profits for the last 3 tax years is less than £50,000 and they represent more than half of your total average income for the 3 tax years, you will be eligible.

## **11. I used to be sole trader but discontinued and joined employment will I be eligible?**

To be eligible for the scheme, you should have been trading in 2018/19, 2019/20 and you must be trading when you apply for the scheme, so unfortunately you won't be eligible for the scheme.

Individuals who started trading in 2019/20, and so did not submit a tax return for 2018/19, are also currently not eligible to claim under the scheme.

## **12. I have not submitted my tax return for 2018/19. Can I submit 2018/19 tax return prior to submitting the claim?**

The tax return should have been submitted by 23<sup>rd</sup> April 2020, to be eligible for the scheme.

## **13. Is it possible to amend my 2018/19 tax return to become eligible?**

No, if a person amends their 2018/19 tax return after 26<sup>th</sup> March 2020, any changes will not be taken into account when working out their eligibility for the SEISS or the amount of the grant.

## **14. I made losses as sole trader; will I be eligible for the scheme?**

The grant will be calculated based on your average trading profits over the 3 tax years. So, if in loss in one financial year, you will still be entitled to get the grant.

## **15. I have self-employment income and other income but my other income is higher than my self-employment income will I be eligible?**

No, to be eligible for the scheme, your self-employed income should be more than half of your total income and therefore we believe you won't be eligible for the scheme.

## 16. What if I am self-employed with more than one trade at the same time? Or if I have recently changed my trade from being an off-license owner to running a Cafe?

If you have more than one trade in the same tax year, HMRC will add together all the profits and losses for all the trades to work out your trading profits.

Further, as long as you have had a continuous self-employment, change of trade shouldn't matter.

## 17. I am a farmer using the averaging relief for my trading profits – how will it work?

The trading profits before the averaging relief will be used to determine your eligibility for the grant.

## 18. If I have income from property lettings, can I apply?

Property letting business is not considered as a trading activity and hence not eligible to receive grant under the scheme. Furnished Holiday Lettings will also not be regarded as a trading activity under the scheme and hence not eligible for the SEISS.

## 19. If my partner is a Sole Trader will we both get the grant?

Yes, you both are eligible for the scheme provided all the conditions are met individually.

## 20. Me and my spouse both are partners in a business, can we both be eligible?

As per HMRC's guidance, all members of a partnership can make a claim for the SEISS grant and that it is their individual trading profits and total income which should be looked at in working out if they meet the eligibility criteria, hence you both will be eligible.

## 21. I am director of the company and sole trader both can I be eligible?

Yes, provided you meet the criteria for SEISS, you will be eligible.

## 22. How long will funds take to be deposited into the bank account?

The payments will be made within 6 days of the grant being approved and we expect HMRC to start making the payments by early June 2020.

## 23. Can I apply for other benefits as the grant will be received very late?

- If you are facing cashflow issues and can demonstrate the business is sustainable, you can consider the [Coronavirus Business Interruption Loan Scheme](#).
- If you have employees you can't keep due to Covid-19, you should look at the [Coronavirus Job Retention Scheme](#).
- The VAT payment deferment should help ease cash flow further.
- You can make a claim for [Universal Credit](#) while you wait for the grant. *(You should record the grant as part of your self-employment income, and it may affect the amount of Universal Credit you get. This will not affect Universal Credit claims for earlier periods).*

**24. Are the grants taxable?**

Yes, you will pay Income Tax and National Insurance as normal on the grants received.

**25. Will I get the money in tranches or in one go?**

The grants will be paid directly into your bank account, in one instalment.

**26. Can the Government take this money back in future?**

No, this is a taxable grant and the Government will not take this money back unless they suspect that misleading or false information was provided. Therefore, you are advised to seek our advice or independent professional advice with the application.

**27. Can you prepare my application and make the claim on my behalf?**

Yes, we can guide you on how to complete the application but it needs to be filed by you using your personal Government Gateway ID and password.

**28. What paperwork do you need from me?**

If you are an existing client, we will not require any additional information from you, apart from the reasoning on how you have been affected by the Covid-19, as all the other details are already available in the system.

If you are a new client, in addition to how you have been affected, we will also require:

- Copy of your Passport and Address Proof
- NINO – National Insurance Number
- UTR
- Bank Account Details

**29. I have not submitted my 2019/20 tax return. Do I need to submit the tax return before the claim?**

No, this is not required as long as all the required previous years have been submitted to HMRC.

**30. Who will receive the claim; is this going to be you or me?**

You will receive the grant in your bank account, in one instalment.

**31. Do I need to sign a contract with you to avail this service?**

Yes, you will be required to sign a contract with us so we can help with the application – our package for this service includes Tax Investigation Cover + Self-assessment Tax Return for 2019/2020.

**32. If I pay you upfront and my claim gets rejected, will you refund the fee paid to you?**

We will first review the reason of rejection and advise if the fee is refundable. If it is due to our mistake, we will help you resubmit the application or refund your money, but if this is down to incorrect data or misrepresentation by you, no refund will be due.

**33. If I do not get the grant, am I still eligible for the free offer?**

Yes, you will still receive the free tax return and tax investigation cover, but only if the claim was rejected due to an error or mistake on our part.

# DNS

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