

## Advice to Registrants: Self-employment Income Support Scheme (SEISS)

*31 March 2020*

The Government announced its support package for the self-employed on 26 March 2020. The scheme, which is available to self-employed individuals or partnerships, will provide a taxable grant of 80 per cent of average monthly profits (calculated from profits from the last three years) up to a cap of £2,500 a month. The scheme will be open to those who earn the majority of their income (over 50 per cent) from self-employment and have profits of less than £50,000.

### How much will I receive?

The payment will be based on 80% of average profits over either the last three years, or the year 2018-19 if you have become self-employed in the financial year ending 5 April 2019 and have filed a 2018-19 tax return.

The maximum payment will be £2,500 per month for three months, totalling £7,500.

### How do I apply?

HMRC is currently checking eligibility for the scheme based on self-assessment tax returns received for the years 2016-17, 2017-18 and 2018-19.

HMRC will contact everyone who is eligible and invite them to apply. You do not need to contact HMRC.

### What if I haven't completed my 2018-19 tax return?

The Government has allowed an extension until 23 April 2020. So long as you send it back by then you will be included in the eligibility check.

### Will I have to pay the money back?

The Government has made clear this is a grant not a loan so it will not need to be paid back.

### When will I receive the money?

Money will be paid to those who are eligible in June 2020. HMRC will make contact before this to let you know how much you will receive and the payment details. It will be paid into your bank account as a lump sum to cover the three months.

### What tax will I pay?

The grant will be treated as taxable income. Tax and National Insurance contributions will be made in the same way as if it were earned income.

## What about future National Insurance?

Currently the self-employed pay 3% lower National Insurance contributions than employed people on profits up to £50,000. There are no current plans to increase National Insurance for the self-employed, but the Chancellor mentioned that this might need to be reviewed in the future. This is because self-employed workers will receive 80% of profits in the same way as employed people will receive 80% of their salary. Even if contributions are increased, it will not happen immediately and would take time to implement.

You can see further details of National Insurance rates for the self-employed [here](#).

## What do I do until June 2020?

If your income has stopped or is significantly reduced due to the coronavirus you can apply for Universal Credit. The Government has temporarily relaxed its rules around the minimum income floor for the duration of the outbreak. New claimants will also not be required to attend the Jobcentre to demonstrate gainful self-employment.

Universal Credit is means-tested and to be eligible you and your partner will have £16,000 or less in savings between you.

You can find out how to apply for Universal Credit [here](#).

## What if I am not eligible for the scheme?

The Chancellor estimated that 95% of the self-employed will be covered by the scheme, which means there are a number of groups of people who do not fit the criteria:

- those who became self-employed after April 2019
- individual company directors who are not employed by their company
- those whose average earnings over three years or in the last year are more than £50,000.

If you fall into in this group, the only option available to you is to apply for [Universal Credit](#). The Government has not made any other guidance or options available at this time.

## Other help you can get

The Government is also providing the following additional help for the self-employed:

- deferral of Income Tax Self-Assessment payments due in July 2020 and VAT payments due from 20 March 2020 until 30 June 2020 – find out more [here](#)
- grants for businesses that pay little or no business rates – find out more [here](#)
- Business Interruption Loan Scheme – find out more [here](#)

If you are a director of your own company and paid through PAYE you may be able to get support using the [Job Retention Scheme](#).

HMRC has set up a new [helpline](#) to provide advice if you are struggling to pay your tax. The helpline number is 0800 024 1222.

## Citizens Advice information on paying bills, rent and managing debt

For general advice about money, debt and what you can do if you're struggling to pay your bills, visit [Citizens Advice](#).

Information on what benefits you might be able to claim can be found [here](#).

## Full details of the Self-employment Income Support Scheme (SEISS)

Full details of the Government's scheme can be found [here](#).

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