

To: All

From: The John Doyle Partnership

Date: 27th March 2020

## **Memorandum**

### **Subject: Covid-19 Support for Self-Employed**

The Government has announced that if you are self employed you will be able to apply for taxable grants worth up to 80% of your average monthly profits.

#### **Who is eligible for the scheme?**

You must have filed a tax return for 2018/19. This means that you must have been self employed prior to 6<sup>th</sup> April 2019. If you have not yet filed your 2018/19 tax return, the government have given an extension to the 26<sup>th</sup> April 2020 to get your returns filed so that you can still access the scheme.

More than 50% of your total income must be from self employment. This rule applies for the past three tax years; 2016/17, 2017/18 and 2018/19.

Your average annual trading profit must be less than £50,000. Your average annual trading profits will be calculated from your past three years tax returns. If you have not been trading for three years, then this will be calculated on the 2018/19 return.

Please note if you are a director of a Limited Company and pay yourself a salary or dividends you wont be covered by the scheme. However you could get support through the "Furlough Scheme" if you are paid via PAYE.

#### **How much are the grants worth?**

Grants will be worth 80% of your average profits, capped at £2,500 per month. The average will be calculated based on the past three years returns.

The grant will initially be paid out as a taxable lump sum covering the months of March, April and May. The grants will be paid at the beginning of June.

If you have only been self employed since April 2018, then your 2018/19 return will be used to calculate your earnings. Please note if you only started trading part way through the tax year, then this will be counted as your total profit for the year. The Government will not pro-rata your earnings

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## Applying for the scheme

If you are eligible for the scheme, you will be contacted directly by HMRC. The Government hasn't given a specific time frame when this will be, only that it will happen.

Once the scheme is live and HMRC have been in contact, you will be asked to fill in an online form. The grant will then be paid directly into your bank sometime in June.

Please do not contact HMRC now, as there is nothing you can do to apply at this stage. If you do not hear from HMRC by June when the grants are being issued, then at this point it will be worth contacting them direct.

## Additional Help & Support

You can defer your income tax payments. If you have income tax payments due in July 2020 under the self-assessment system, you can defer them until January 2021.

You can access universal credit in full. The Government has removed the minimum income allowance to the universal credit benefit. They will also be increasing the standard allowance from Monday 6 April.

You can apply for a 'business interruption loan'. The temporary Coronavirus Business Interruption Loan Scheme is open to self-employed people and offers access to loans, overdrafts, invoice finance and asset finance of up to £5 million for up to six years.

In addition, the Government could also give you a 'business interruption payment' to cover the first 12 months of interest and fees on the loan.

The scheme is now open for applications, and is offered by all major banks.

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