



As the second lockdown period ends, the Butler & Co team hope you, extended family, friends and colleagues are all keeping well

COVID-19 BUSINESS SUPPORT: LATE NOVEMBER UPDATE SELF EMPLOYED INCOME SUPPORT SCHEME [SEISS]: THIRD GRANT UPDATE

In advance of the application portal opening for the next grant payment update on Monday 30 November, there have been some important changes to the terms and conditions of the scheme from previous grants, which will mean that not everyone will qualify for the next distribution. We ask everyone who is thinking of making an application to **read the following guidance carefully**, and contact us immediately if there are any questions or queries as to whether your business still qualifies.

A. QUALIFICATION:

As a reminder, those who have been previously eligible for the first and second grant (regardless whether you have made a previous claim or not) remain initially eligible for the latest payment. **However**, there are also the following terms that have been introduced that must also now be complied with, or else any funds claimed will have to be repaid.

These include all of the following:

- The business must be currently trading but are (a) impacted by reduced demand *or* (b) temporarily unable to trade due to coronavirus
- The intention is to trade beyond the end of the pandemic – any business that is likely to cease in the next three months will therefore be ineligible
- **NEW:** You reasonably believe that there will be a significant reduction in your trading profits

Reasonably believe condition: Per HMRC, you must reasonably believe that you will suffer reduced business activity, capacity or demand or inability to trade due to coronavirus during the period 1 November to 29 January 2021. You **must keep evidence** that shows how your business has been impacted by coronavirus resulting in less business activity than otherwise expected.

Examples of evidence - per HMRC guidance - include:

- **Financial Year End or Management Accounts**, showing reduction in turnover compared to previous years or trading periods
- Records of **Reduced or Cancelled Contracts, Jobs or Sales**
- **NHS Test and Trace instructions / Covid-19 test results** - if you've been instructed to self-isolate and are unable to work from home (*NB: Returning from abroad and quarantining does not apply in these circumstances*)
- **Communications from Schools or Educational establishments** - if you have had parental caring responsibilities and are therefore unable to work

Significant reduction condition: Per HMRC, you must show a significant reduction in trading profits in order to make a claim. HMRC say that they cannot make this decision for a business, because each individual and wider business circumstances vary and will need to be considered when deciding whether the reduction is indeed significant.

Examples of the Reasonable Belief and Significant Reduction clauses can be found [here](#)

IMPORTANT NOTES: PRACTICAL STEPS

While this advice about 'Reasonable Relief' and 'Significant Reduction' is not particularly clear or straight forward, we recommend all proprietors consider the following:

1. Each business owner reviews their own circumstances and produce an evidence file **before** a claim for the third SEISS grant is considered, to check and ensure eligibility.
2. Each business owner should review the examples given by HMRC to see which category they believe they fall into, using the link above.
3. The application window runs from Monday 30 November 2020 to Friday 29 January 2021, so there is the option to apply later - once trading results become clearer and the whether the eligibility criteria has become more certain.
4. For those borderline cases, it may be worth seeking an alternative source of finance now – such as a Bounce Back Loan – to cover short term cash flow pressures, rather than take an SEISS grant and then have to pay it back at a later date. The SEISS grant can then be applied for at a slightly later date, if trading conditions show a significant reduction in demand.

B. AMOUNT OF PAYMENT

The next SEISS grant will cover a three-month period from 1 November 2020 until 31 January 2021. The Government will provide a taxable grant covering **80% of average monthly trading profits** paid out in a single instalment covering 3 months' worth of profits, and capped at £7,500 in total. This will be the exact amount paid in the first grant distribution, made in May and June 2020. For further details, please do not hesitate to contact us or refer to our earlier guidance.

C. APPLICATION PROCESS:

Once again, the application for the SEISS will be made online via the Government Gateway portal, with the system live between **Monday 30 November 2020 and Friday 29 January 2021**

If anyone requires further details of the full terms and conditions of this scheme, and has any questions based on the above, please do not hesitate to contact us.

OTHER UPDATES

We would also like to draw your attention to the following points at this time:

1. WINCHESTER COUNCIL – ADDITIONAL RESTRICTIONS SUPPORT GRANTS

For clients in the immediate area only, Winchester City Council is still in the process of updating their policy on the new discretionary grants. When details are available, they will be posted [here](#) (at the bottom of the page). We recommend all local businesses keep tabs on this site over the next week or so, to see whether they qualify for this grant and also do not miss the application window – usually these are only open for a week.

2. EXTENSION TO THE ANNUAL INVESTMENT ALLOWANCE (AIA)

The Annual Investment Allowance (AIA) threshold of £1 million has been extended until 31 December 2021, rather than dropping back to a level of £250,000 from 1 January. This means that any new purchase of qualifying assets up to a grouped total of £1 million in value can be fully deducted against profits in the tax year of purchase. The UK government believe this will continue to stimulate inward investment and allow businesses to continue to purchase new assets without an increased tax bill as the Covid-19 pandemic continues.

3. FRAUD AND SCAMS: AN IMPORTANT REMINDER

Finally, we would like to reiterate that there are an increased number of scams and fraudulent activities taking place at the current time, particularly with the SEISS window now opening. These include such things as people claiming to be HMRC and asking for payments and personal information, or advising that the grant application itself needs to be paid for. Our advice is to be **extra vigilant** and not to make any payments or give any details to anyone claiming to be HMRC, or similar, if you are not completely certain whom you are dealing with. HMRC will confirm everything in writing through the post if requested, so please use this option if you are at all suspicious of any communication received from the tax authorities.

As ever, please do not hesitate to contact us if you have any questions regarding any of the points mentioned above. The Covid-19 Business Support Co-ordinator, Russell Nash [russell@butler-co.co.uk] remains available, alongside your regular primary contact(s), across the working week to answer anything arising – while the office is on skeleton staff, the team are still working from home and are able to answer any questions or queries you may have.