



From the team at Butler & Co, we hope that everyone is staying well and positive at present.

LATEST GOVERNMENT COVID-19 BUSINESS SUPPORT

On Thursday, the government took steps to support self-employed and freelance individuals, in a way similar to those paid via employment last week, as well as updating with some key details on previously announced programmes. The key points raised were as follows:

1. **Self-Employment Income Support Scheme**
2. **VAT Deferral payments – clarification**
3. **Coronavirus Job Retention scheme for Furloughed Workers – UPDATE**

1. SELF-EMPLOYMENT INCOME SUPPORT SCHEME

The scheme announced by the chancellor indicates payments will be made to individuals who are self-employed, at the following rates:

- I. 80% of monthly net earnings, averaged over the last three years, or
- II. £2,500; whichever is lower

A. Who Can Apply

You can apply if you're a self-employed individual or a member of a partnership and you:

1. Have **submitted** your Income Tax **Self-Assessment tax return** for the tax year **2018-19**
2. **Traded** in the tax year **2019-20**
3. **Are trading** when you apply, or would be except for COVID-19
4. Intend to **continue to trade** in the tax year 2020-21
5. Have **lost trading/partnership trading profits** due to COVID-19

Your self-employed trading profits **must also be less than £50,000** and **more than half of your income come from self-employment**. This is determined by at least one of the following conditions being true:

- Having trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of your total taxable income
- Having average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period

If you started trading between 2016-19, HMRC will only use those years for which you filed a Self-Assessment tax return.

If you have not submitted your Income Tax Self-Assessment tax return for the tax year 2018-19, you must do this by 23 April 2020.

HMRC will use data on 2018-19 returns already submitted to identify those eligible and will risk assess any late returns filed before the 23 April 2020 deadline in the usual way.

B. Monthly Earnings Calculation

In order to work out your net monthly earnings, HMRC identify your net profit from your self-employment business activities only for the last three tax years (2016-17, 2017-18 and 2018-19), and divide this total by 36.

For example:

Tax Year	2016 – 2017	2017 – 2018	2018 – 2019	SUB TOTAL		MONTHLY NET EARNINGS
Total Trading Profit from Self-Employment	£12,000.00	£14,000.00	£16,000.00	£42,000.00	/ 36	£1,166.67

Using the above example, you would be entitled to receive 80% of the £1,166.67 – i.e. **£933.33** per month.

C. To Be Confirmed Points

We are currently clarifying the following points, and are hoping to confirm these as soon as possible as the Chancellor has not made these clear as yet:

- A. The definition of total trading profit; we believe this will be accounting profit as detailed on the sets of accounts produced for you but are waiting to confirm.
- B. What happens if you made a loss in any of the years under discussion; whether this is discounted from the calculation or valued at £nil; as this has not been made clear.
- C. We are assuming that the grants offered will be based on partnership share and not total partnership profit, but this again to be confirmed by the Treasury.

HOW TO APPLY: You cannot apply for this scheme yet; this will be made available by early June per the chancellor, and hopefully earlier.

HMRC will contact you if you are eligible for the scheme and invite you to apply online.

IMPORTANT NOTE: You will access this scheme only through GOV.UK. If someone texts, calls or emails claiming to be from HMRC, saying that you can claim financial help or are owed a tax refund, and asks you to click on a link or to give information such as your name, credit card or bank details, it is a scam.

After you've applied

Once HMRC has received your claim and you are eligible for the grant, they will contact you to tell you how much you will get and the payment details.

INTERIM CASHFLOW MEASURES

Obviously, the time delay in the grant will cause concern amongst many businesses. If you are struggling for cashflow, we suggest investigating the following already announced government support initiatives:

1. **Small business grants** – managed by your local authority; although primarily for those in the hospitality and leisure industries and for those who do not pay business rates – it may be worth investigating individual local authority websites for full terms and conditions to see if these might apply to your business
2. **Coronavirus Business Interruption Loan Scheme** – available from your High Street bank, on which the government will pay the first 12 months' interest.
3. **Universal Credit and Employment and Support Allowance** – applications from self-employed individuals for these are being processed and will be paid – per the Chancellor – in the next few days.

If you require any assistance with any of the application processes, please do not hesitate to contact us at your next available opportunity.

2. VAT DEFERRAL PAYMENTS

The government clarified that anyone paying by **Direct Debit** should **cancel** this for the time being, to avoid monies being taken from business accounts.

No VAT is due to be paid for the next quarter on 7 April, 7 May or 7 June, so those who do pay via direct debit should cancel this with their bank **now**, as it can take longer than one working day for a bank to process this.

3. CORONAVIRUS JOB RETENTION SCHEME - UPDATE

HMRC have now provided further guidance on the Job Retention Scheme, as follows:

This funding will be open to all employers with a **PAYE payroll scheme** that was created and started on or before 28 February 2020, including charities. Employers can apply for grants of 80% of furloughed employees' (employees on a leave of absence) monthly wage costs, up to £2,500 a month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that wage, **provided** they keep the worker employed. The scheme will cover the cost of wages backdated to 1 March 2020, if applicable.

HMRC are aiming to have the scheme up and running by the end of April 2020. More detailed guidance will be published in due course and please be assured we will advise you when the scheme is open.

Guidance for employers is available on [GOV.UK](https://www.gov.uk)

You may also find the [guidance for employees](#) helpful.

We hope you find the above useful, and if you do have further questions, please let us know as soon as possible, so we can find the best solution for you as soon as possible.

Due to remote working currently in place, the best way at present is to contact us by e-mail, we can then follow-up with a telephone conversation as necessary.

Best regards