



## Government provides assistance for the self-employed

27 March 2020

The informant below has been provided, very helpfully, by one of the investment companies that we use. We thought it would be helpful to share it with clients.

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For advisers with self-employed clients the government has announced additional measures to support them.

If a client is self-employed or a member of partnership and

- Has submitted an income self-assessment for the tax year 2018-19
- Traded in the year 2019-20
- Are trading, or would be except for Covid-19
- Intend to continue to trade in 2020-21
- lost trading/partnership profits due to Covid-19

Self-Employed profits must be less than £50,000 and more than half of an individual's income must come from self-employment.

This value is calculated by meeting at least one of the conditions below for an individual to

- Have trading profits in 2016-17, 2017-18 and 2018-19 of less than £50,000 and these profits constitute more than half of taxable income
- Have **average** trading profits in 2016-17, 2017-18 and 2018-19 of less than £50,000 and these profits constitute more than half taxable income
- If a client had started trading **from** 2016-17 then HMRC will use those self-assessment returns for those years of trading.
- If for some reason a client has not submitted a tax return for the TY 2018-19 then they must submit by the 23<sup>rd</sup> April 2020.

### How much will individuals receive?

The government will provide a taxable grant of 80% of the **average** profits from the tax years (where applicable)

- 2016-17
- 2017-18
- 2018-19
- To calculate the average amount HMRC will add together the total trading profit for the 3 tax years (as applicable) and then divide by 3 (as applicable) and use this figure to calculate the monthly amount.
- It will be up to a maximum of £2,500 per month for three months. This will be paid directly to an individual's bank account

- HMRC will contact eligible individuals directly and ask them to apply online. HMRC will then contact the individual to confirm how much is payable and confirm payment details.
- The infrastructure around this does not yet exist so at this point HMRC are asking not be contacted directly. HMRC will make the initial contact.

The government announcement can be found at: <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

Worth adding that you may well have "self-employed" clients that operate through personal service companies, e.g. IT contractors. They would not be eligible under this scheme but could qualify under the "Coronavirus Job Retention Scheme" under which the government will pay 80% of salary for employees (paid under PAYE). Same threshold of £2,500 per month applies for up to three months. It works under the PAYE system but in reverse. Guidelines as to how this will work are to be announced shortly.



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