



## **BRIEFING NOTE**

# **SELF EMPLOYED INCOME SUPPORT SCHEME**

The government has announced a rescue package in the form of a new self-employed income support scheme.

Those who are a self-employed individual or a member of a partnership will be able to apply for a taxable grant worth 80 per cent of their average monthly income over the last three years. The income of those who have only submitted a tax return for one or two years will be calculated on the basis of those returns.

The maximum amount that can be claimed is £2,500 a month for a period of at least three months.

The first payment will not, however, be paid until the beginning of June so a self-employed worker will actually receive a one-off lump sum payment.

To apply people must have traded in 2019-2020 and be trading when they apply, or would be except for COVID-19.

Those struggling now can apply for Universal Credit but that can take at least five weeks to process.

The scheme is only open to people who have submitted a tax return for 2019, although the government has said it will give those who didn't file their tax return at the end of January a further four weeks from the date of the announcement to do so (i.e. 23 April 2020). They will then be covered by the scheme.

People who have only just become self-employed and have not filed any returns are therefore excluded. The government has made clear that it will not be able to help them, meaning that their only option is to claim Universal Credit.

Also excluded are those who have average annual trading profits of more than £50,000, those who earn less than half their total income from self-employment and those who operate through a limited company.

An application cannot be submitted at this point. HMRC will contact those who are eligible directly asking them to fill in an online form.

The self-employed cover a wide range of occupations. In total, it is thought that they number about 5 million people, equating to about 15 per cent of the total UK workforce.