Double The Grant For UK Self-Employed, Reports Bambridge Accountants

Friday 23 October, 2020

The Government announced this week that the Self-Employment Income Support Scheme Grant will be doubled from 20% to 40%.

The increase to the grant will start from 1 November 2020, covering the 3 month period to 31 January 2021.

The original grant was announced at 20% of monthly profits - this has now been increased to 40% of monthly profits. The payment will be capped at a maximum of £3,750 in total for the 3 months to 31 January 2021.

There will also be a second grant to cover the period 1 February to 30 April 2021. The Government will review the state of the economy closer the February 2021 and decide at that point on the level of the grant.

To be eligible for the financial support, individuals will need to be self-employed or a member of a partnership. They will also need to confirm that they will continue to be self-employed and their business profits have been reduced because of the pandemic.

The payments will be taxable and will be reported through the self-assessment tax returns for 2020-21 and 2021-22. There will also be National Insurance due on the grants, again collected through the personal tax returns.

Moved to The UK Or Not Resident In the UK

For individuals who have moved to the UK in the last 7 tax years and are claiming the remittance basis or for those living overseas with UK self-employed income, they may be able to claim the Self-Employment Income Support Scheme Grant.

To claim, they will need to meet one of the three conditions:

1 - Self-employed profits from the UK in the 2018-19 tax year were £50,000 or less and the UK profits were at least 50% of total worldwide income.

2 - If you were self-employed for 2016-17, 2017-18 and 2018-19 tax years, your UK profits were £50,000 or less and the UK profits were at least 50% of total worldwide income.

3 - If you were only self-employed in the UK for 2017-18 and 2018-19 tax years, your UK profits were £50,000 or less and the UK profits were at least 50% of total worldwide income.

Next Steps For Self-Employed

The 2019-20 tax return, covering the period 6 April 2019 to 5 April 2020, is due to be filed by 31 January 2021. Previous grants and support for self-employed individuals has been based on the UK tax return being filed on time and by the deadline.

For those individuals who do want to claim the self-employed grants, they can file their tax return now to ensure they will be eligible for any future financial support.

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