

Help for the self-employed and small businesses

On 27th March we published two news articles on the NRPSI website covering the announcement from the Chancellor on 26th March and support from the government for the self-employed.

See <http://www.nrpsi.org.uk/news-and-links.html>, reporting on <https://www.gov.uk/government/news/chancellor-gives-support-to-millions-of-self-employed-individuals> and also <https://www.ipse.co.uk/>

Since then we have been asked by some Registrants for more help.

If you are looking for more support from the government given a collapse in earnings from your self-employed operations, have a look at <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

As stated, use this scheme if you're self-employed or a member of a partnership and have lost income due to coronavirus. This scheme will allow you to claim a taxable grant worth 80% of your trading profits up to a maximum of £2,500 per month for the next 3 months. This may be extended if needed.

Apparently the government will pay the grant directly into your bank account, in one instalment and HMRC will contact you if you are eligible for the scheme and invite you to apply online.

You can access this scheme only through [GOV.UK](https://www.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.

You will be able to apply if you're a self-employed individual or a member of a partnership and you: have submitted your Income Tax Self Assessment tax return for the tax year 2018-19; traded in the tax year 2019-20; are trading when you apply, or would be except for COVID-19; intend to continue to trade in the tax year 2020-21; and 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 must have 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.

You will then get a taxable grant which will be 80% of the average profits from the three tax years (where applicable): 2016 to 2017; 2017 to 2018; and 2018 to 2019.

To work out the average, HMRC will add together the total trading profit for the 3 tax years (where applicable) then divide by 3 (where applicable), and use this to calculate a monthly amount.

Once HMRC has received your claim and you are eligible for the grant, you will be contacted by the HMRC to tell you how much you will get and the payment details. If you have claimed tax credits you'll need to include the grant in your claim as income.

The government is also providing the following additional help for the self-employed: support from Universal Credit; deferral of payments of self-assessment tax payments; grants; and the Business Interruption Loan Scheme.

More details about this Business interruption Loan Scheme can be found at:

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/>

The 'Coronavirus Business Interruption Loan Scheme' (CBILS) provides financial support to smaller businesses (SMEs) across the UK losing revenue and seeing their cash flow disrupted as a result of the COVID-19 outbreak.

British Business Bank operates this service via its accredited lenders.

There are over 40 of these lenders currently working to provide finance. They include:

- high-street banks
- challenger banks

- asset-based lenders
- smaller specialist local lenders

A lender can provide up to £5 million in the form of:

- term loans
- overdrafts
- invoice finance
- asset finance

CBILS gives the lender a government-backed guarantee for the loan repayments to encourage more lending.

Under this scheme, the borrower remains fully liable for the debt; personal guarantees of any form will not be taken for facilities below £250,000.

For facilities above £250,000, personal guarantees may still be required, at a lender's discretion, but:

- recoveries under these are capped at a maximum of 20% of the outstanding balance of the CBILS facility after the proceeds of business assets have been applied;
- a Principal Private Residence (PPR) cannot be taken as security to support a personal guarantee or as security for a CBILS-backed facility

At NRPSI we are interested to hear from any Registrant who has had problems with either help for the self-employed or aid through the loan scheme; we can and will write to the Chancellor ensuring the government is aware of these issues.