

SECOND SELF-ASSESSMENT PAYMENT DEFERMENT

STRENGTHENING THE SAFETY NET FOR THOSE WHO WORK FOR THEMSELVES

The Chancellor, Rishi Sunak, said he will strengthen the safety net for those who work for themselves with a package of measures to support the self-employed and freelancers, offering improved benefits and tax deferrals.

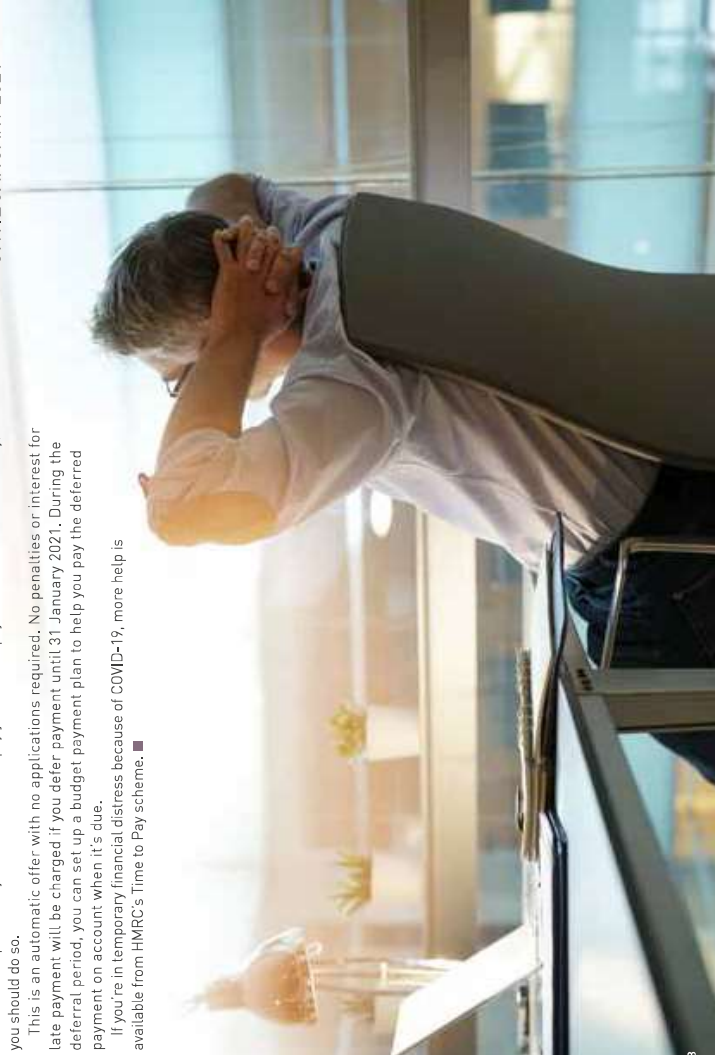
If you're due to pay a self-assessment payment on account by 31 July 2020, but the impact of the coronavirus causes you difficulty in making payment by that date, then you may defer payment until January 2021.

You are eligible if you are due to pay your second self-assessment payment on account on 31 July. You do not need to be self-employed to be eligible for the deferral – the deferral is optional. If you are still able to pay your second payment on account on 31 July, you should do so.

This is an automatic offer with no applications required. No penalties or interest for late payment will be charged if you defer payment until 31 January 2021. During the deferral period, you can set up a budget payment plan to help you pay the deferred payment on account when it's due.

If you're in temporary financial distress because of COVID-19, more help is available from HMRC's Time to Pay scheme. ■

/// IF YOU'RE DUE TO PAY A SELF-ASSESSMENT PAYMENT ON ACCOUNT BY 31 JULY 2020, BUT THE IMPACT OF THE CORONAVIRUS CAUSES YOU DIFFICULTY IN MAKING PAYMENT BY THAT DATE, THEN YOU MAY DEFER PAYMENT UNTIL JANUARY 2021



Self-employment Income Support Scheme (SEISS)

Financial support for those impacted by coronavirus

Chancellor of the Exchequer Rishi Sunak unveiled unprecedented government aid for the self-employed. There are around five million people who are self-employed and freelance across the UK, and many will be relieved to hear that financial support is on the way to help those impacted by coronavirus.

LOST INCOME

The Self-employment Income Support Scheme (SEISS) will support self-employed individuals (including members of partnerships) who have lost income due to coronavirus (COVID-19).

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 three months. This may be extended if needed.

The Chancellor said it will cover 95% of the self-employed who make most of their money from self-employment.

You can 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
- ▶ 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 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 and 2019, HM Revenue & Customs (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'll receive a taxable grant which will be 80% of the average profits from the tax years (where applicable):

- ▶ 2016 to 2017
- ▶ 2017 to 2018
- ▶ 2018 to 2019

MAXIMUM OF £2,500 PER MONTH FOR THREE MONTHS

To work out the average, HMRC will add together the total trading profit for the three tax years (where applicable), then divide by 3 (where applicable), and use this to calculate a monthly amount. It will be up to a maximum of £2,500 per month for three months. The grant will be paid directly into your bank account, in one instalment.

You cannot apply for this scheme; HMRC will contact you if you are eligible and invite you to apply online.

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. If you claim tax credits you'll need to include the grant in your claim as income.

OTHER HELP YOU CAN GET

The Government is also providing the following additional help for the self-employed:

- ▶ Deferral of Self-Assessment Income Tax payments due in July 2020 and VAT payments due from 20 March 2020 until 30 June 2020
- ▶ Grants for businesses that pay little or no business rates
- ▶ Increased amounts of Universal Credit
- ▶ Business Interruption Loan Scheme

ADDITIONAL HELP FOR THE SELF-EMPLOYED

Self-employed people can now access Universal Credit up to a level of £94.25 per week. This rate is equivalent to Statutory Sick Pay for employees. The Department for Work and Pensions is increasingly providing advance payments for people who are self-isolating, which 'can be in your account within days', the Chancellor, Rishi Sunak, has announced.

Councils have also been given extra funding to help those most in need, suspending debt collection or helping people pay their rent.

If you are worried about outstanding tax or have financial concerns, 'Time to Pay' arrangements can be agreed with HMRC, which involve pushing back the time period in which you have to pay your tax.

IR35 – which required self-employed contractors working under a company structure such as an LLP to either operate as a sole trader or join the client's payroll – has been suspended until 2021. ■

Self-employed and not eligible for SSP

What other options do I have available to me?

If you are not eligible for Statutory Sick Pay (SSP) – for example, if you are self-employed or earning below the Lower Earnings Limit of £118 per week – and you have COVID-19 or are advised to self-isolate, you can now more easily make a claim for Universal Credit or New Style Employment and Support Allowance.

If you are self-employed and receiving Universal Credit and you have COVID-19, or are advised to self-isolate, the requirements of the Minimum Income Floor will be temporarily relaxed. This change took effect on 13 March and will last for the duration of the outbreak, to ensure that self-employed Universal Credit claimants will receive support.

If you need to claim Universal Credit but have COVID-19 or are self-isolating, you will now be able to claim and to access advance payments upfront without needing to attend a Jobcentre Plus appointment.

If you are eligible for New Style Employment and Support Allowance, it will now be payable from day one of sickness, rather than day eight, if you have COVID-19 or are advised to self-isolate.

If you think you may need financial support from your Local Authority in England, you may be entitled to support from the £500 million Hardship Fund. Most of this funding will be used to provide more Council Tax relief, either through existing Local Council Tax Support schemes, or through similar measures. ■

/// IF YOU ARE ELIGIBLE FOR NEW STYLE EMPLOYMENT AND SUPPORT ALLOWANCE, IT WILL NOW BE PAYABLE FROM DAY ONE OF SICKNESS, RATHER THAN DAY EIGHT, IF YOU HAVE COVID-19 OR ARE ADVISED TO SELF-ISOLATE



IR35

Reform deferred by a year

If you currently work as a contractor, are considering becoming a contractor or own a business that hires contractors, IR35 is something that you should be familiar with.

Although the Chancellor, Rishi Sunak, previously announced that IR35 reform in the private sector would be introduced as planned on 6 April 2020, the Government has pushed this back amid the ongoing coronavirus pandemic.

Steve Barclay, Chief Secretary to the Treasury, announced on 17 March that reform will be deferred by a year – but made it clear it isn't being cancelled. He said: "This is a deferral in response to the ongoing spread of COVID-19 to help businesses and individuals."

It comes after a House of Lords finance bill sub-committee said that adding another burden on business would be 'perverse'.

Private sector IR35 reform means that contractors and freelancers will no longer be responsible for working out their tax status. Instead, it'll be down to the clients they work for (although smaller businesses are exempt from the change).

As businesses and the self-employed now face an uncertain few months, the deferral at least should give them more time to prepare for reform. Given the economic challenges that lie ahead of the UK, now certainly would not have been the right time to roll out needless tax changes that could endanger hundreds of thousands of contractors' livelihoods. ■