

COVID-19

EXPANDED GUIDANCE ON SEISS ELIGIBILITY

HMRC has updated its guidance on whether a business has been “adversely affected” by coronavirus and therefore able to claim for the two Self-employed Income Support Scheme (SEISS) grants.

On 12 June HMRC published examples to show when the “adversely affected” criteria for the first and second SEISS grants will be met. It confirms that those who are self-employed and able to return to work as normal in June will not be eligible for a second grant, although they can claim a grant for the first period.

Up until 13 July, SEISS allows self-employed individuals (including those trading as a partnership) to claim a taxable grant worth 80% of average monthly trading profits, paid out in a single instalment covering three months’ worth of profits and capped at £7,500.

A second and final grant can be claimed in August 2020. It is worth 70% of average monthly trading profits, and will also be paid out in a single instalment covering three months’ profits and is capped at £6,570. While eligibility for the second grant is the same as the first grant, it is a separate claim and those claiming will have to confirm their business has been adversely affected by COVID-19 on or after 14 July 2020.

HMRC’s examples confirm that individuals can claim for the second grant even if they did not claim the first grant, as long as their circumstances have changed due to COVID-19 and all other criteria are met.

HMRC’s guidance gives the following examples of when a business might be adversely affected:

The business owner is unable to work because they:

- are shielding,
- are self-isolating,
- are on sick leave because of coronavirus, or
- have caring responsibilities because of coronavirus.

The business has had to scale down or temporarily stop trading because:

- the supply chain has been interrupted,
- there are fewer or no customers or clients, or
- staff are unable to come in to work.

This list is not exhaustive; another example might be additional costs incurred to enable the business to comply with physical distancing requirements.

To summarise: if the business is adversely affected in the period up to 13 July 2020 they can claim the first grant, if they are adversely affected in the period from 14 July 2020 they can claim the second grant. When the Chancellor announced the scheme he referred to the first grant as covering March to May 2020 but the position subsequently changed: the grants are for nominal three month periods with entitlement based on whether the business is adversely affected in the period to 13 July 2020 or after that date.

The HMRC guidance can be seen here: <https://www.gov.uk/guidance/how-different-circumstances-affect-the-self-employment-income-support-scheme#adversely-affected-examples>