

## HM REVENUE & CUSTOMS 3RD SELF EMPLOYED INCOME SUPPORT SCHEME GRANT – NEW RULES

**The eligibility criteria for the 3rd Self Employed Income Support Scheme (SEISS) grant have been further tightened from that applied to the previous ones.**

As the rules have changed you will need to consider them carefully before claiming.

The new eligibility criteria state that the taxpayer:

- must either be currently trading and impacted by reduced demand, or have been trading but be temporarily unable to do so due to coronavirus; and
- intends to continue to trade, and reasonably believes that the impact on their business will cause a significant reduction in their trading profits due to reduced business activity, capacity or demand or inability to trade due to coronavirus during the period 1 November to 29 January 2021.

We understand that the significant reduction in trading profits test is to be applied to the accounting period as a whole. For many clients, for example those that use a 31 March or 5 April accounting date, the significant reduction of trading profits will be expected to appear in the results they report on their 2021 tax return (i.e. for the tax year ending 5 April 2021). However, some clients, for example those that use a 30 April accounting date, will not report the trading results for the relevant period until their 2022 tax return.

HMRC's guidance indicates that it expects claimants to make 'an honest assessment' about whether they reasonably believe that their business will have a significant reduction in profits.

HMRC has specifically said that a reduction in profits due to increased costs (such as having to buy masks) does not count for this purpose.

No claim can be made where the reduced activity, capacity or demand is caused solely because the person is required to self-isolate, or care for a person required to self-isolate, as a result of travelling to the UK.

HMRC's guidance includes a number of examples of how the rules apply and will require evidence to be kept to support the claim.

The third grant is calculated in the same way as the 1st and 2nd grants (i.e. it is based on the same tax years and the £50,000 income cap and 50% of income tests apply as before), so none of the previously excluded groups will qualify.

The HMRC guidance can be seen here: <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

If you have any questions regarding these new rules and whether you should make a claim, please get in touch with your usual contact.