



# Abell Morliss International



## **Questions on self-employed challenges due to Covid restrictions**

You need to think clearly and carefully as there are two options at this time:-

1. hibernate your business until this is all over
2. struggle on earning what you can



or.....

3. Open a supermarket specializing in toilet rolls and pasta

## **Self-employment Income Support Scheme Coronavirus (COVID-19)**

### **HMRC**

### **Comment**

***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.***

*Available June 2020...about.*

*PS. They need a dictionary as **you don't apply**, -they will write to you **IF** you are eligible (allegedly)*

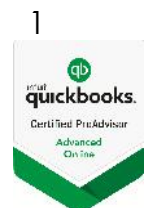
JM Swallow, FCA

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## *HMRC*

## *Comment*

### *Who can apply*

*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*

### *Too excited to wait?*

*Try their website, as you can check your status here*

<https://www.gov.uk/government/news/self-employed-invited-to-get-ready-to-make-their-claims-for-coronavirus-covid-19-support>

*Also*

<https://www.tax.service.gov.uk/self-employment-support/enter-unique-taxpayer-reference>

PS. Note the site is running on a c.1985 amstrad, so you get loads of timeouts and errors. You just have to keep trying.

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## HMRC

## Comment

*Once the site has allowed you in.....*

*You need to know your utr and nino.*

*It then validates these (checks you can type).*

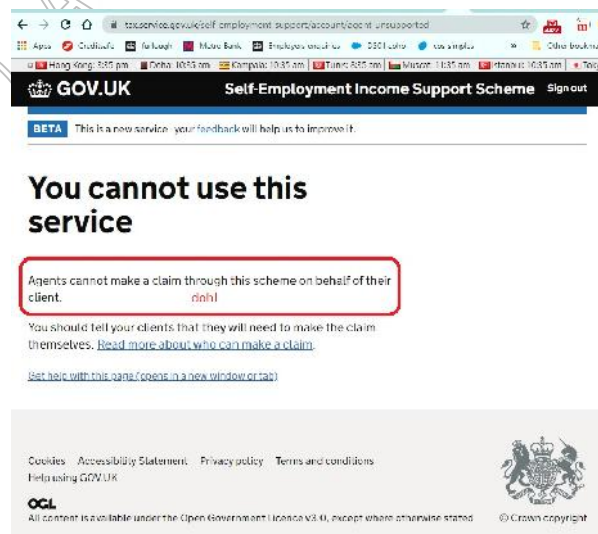
*But then it gets really tricky as YOU need to carry on by using **your** Government Gateway login.*

*Haven't got one? Oh dear, you have to click on the link and apply for one.*

*If you survive the stress of that process you will then be able to proceed.*



***NB. HMRCy have perversely set this up so that Agents/accountants can't help their clients through this process.***



***Your self-employed trading profits must also be less than £50,000 and more than half of your income come from self-employment. This is determined by at least one of the***

***No barristers/lawyers eligible for the scheme***

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## HMRC

## Comment

*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*

*Can I carry on running the shattered embers of my business whilst receiving the grant?*

*Help, I only started 18 months ago*

*If you started trading between 2016-19, HMRC will only use those years for which you filed a Self-Assessment tax return.*

*It must be your main source of income*

*Well, it's an interesting question.*

*Until HMRCy publish the formal guidance note we don't know. The Furlough scheme certainly requires complete cessation of work.*

*Do businesses make a profit in early years?*

*You will get....£0.00. Did you read my email to clients briefing them at the start of this crisis?*

*"Basically any business looking to come out of this nightmare with anything should profile their own overheads to survive assuming no help, so look at staff costs, bin payments to the State - taxes, rates, stop paying rents.*

*And finally consider shutting down 100%, and rely on being able to recreate your business in 6 months time."*

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## HMRC

## Comment

*Is the grant taxable*

yes

*Traditionally I have received half my money in cash and never declared this income as it seemed a clever idea*

*You're toast now, because all the help is centred on people who tell the truth.*

*But remember all the thousands in tax you have saved over the years is stashed in a savings account in case of a rainy day, and now it's definitely raining.*

*I work in the black economy, so I disappeared years ago, but now my local pub/brothel/tarmaccer is closed and I have no cash coming in*

*You're toast now, because all the help is centred on people HMRCy know about.*

*But remember all the thousands in tax you have saved over the years is stashed in a savings account in case of a rainy day, and now it's definitely raining.*

*What about my SA tax due*

*No payments needed until 31.1.2021*

*If you choose to defer your VAT payment as a result of coronavirus (COVID-19), you must pay the VAT due on or before 31 March 2021.*

*Paying VAT is now optional until 31.3.21.*

*Prediction...VAT bad debts in 2021 will go through the roof, just saying.....*

*You do not need to tell HMRC that you are deferring your VAT payment*

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## HMRC

## Comment

### Other help available?



*Sign on like the 1m who did in last two weeks of March, and join the renowned Universal Benefits System.*

*Then relaaaaaaax catching up on all those TV Series you missed until the end of the restrictions*

Thank you for reading this briefing.

All views are the writers, based on years of close relations with Her Majesty's Revenue & Customs

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## *Our Self-employed help proposal (ignored)*

I think we have to go for a very rough and ready solution.

Fill in an online form:-

1. Invite hmrc to use average from last 2 filed vat returns
2. Or make own self declaration of last 6 months income
3. Base compensation on that
4. Discounted by amount of expected sales in the covid recession
5. Underpinned by usual rights of hmrcy to request extra info
6. And also some sort of retrospective clawback that when all this shit is over, and the annual accounts, tax return, is done that any excessive payment above the 80% level is refundable via tax payments

Simples??

### Links here

HMRC

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

Tax payments

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-through-deferring-vat-and-income-tax-payments>

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