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ALLENACCOUNTS

SELF-EMPLOYED INCOME SUPPORT SCHEME (SEISS)

HMRC have now released full details of the fifth and final SEISS grant which covers the period from 1 May 2021 to 30 September 2021.

In most respects the rules for this fifth grant are the same as the fourth grant other than a new turnover test which determines the level of the grant.

The online claims portal for this final grant is due to open later this month and HMRC will contact those eligible sometime this month with a date that they can make their claim from. As previously agents such as ourselves will not be able to apply for the grant on behalf of clients

The grant is taxable and will be paid out in a single instalment

Eligibility Criteria

- The grant is only available to self-employed individuals or members of a partnership and not those operating through limited companies.
- Claimants must have traded in the tax year 2019/20 and have submitted their self-assessment tax returns on or before 2 March 2021.
- Claimants must either be currently trading and have been impacted by reduced demand due to coronavirus, or have been trading but

by reduced demand due to coronavirus, or have been trading but are temporarily unable to do so due to COVID-19.

- Claimants must intend to continue to trade.
- Claimants must 'reasonably believe' that there will be a significant reduction in trading profits due to COVID-19 in the period from 1 May 2021 to 30 September 2021.
- Trading profits must be no more than £50,000 and at least equal to non-trading income for either:
 - The tax year 2019/20; or
 - The average of the tax years 2016/17, 2017/18, 2018/19 and 2019/20.

Amount of Grant

This fifth grant is calculated as

- 80% of 3 months' average trading profits capped at £7,500 for traders whose turnover has reduced by 30% or more; or
- 30% of 3 months' average trading profits capped at £2,850 for traders whose turnover has reduced by less than 30%.

Turnover Test

Claimants will need to provide two turnover figures during the claims process covering:

- **The pandemic period** – this is effectively the **turnover during the tax year 2020/21**, irrespective of what date a trader makes their accounts up to. This figure should not include any COVID-19 support payments such as SEISS grants or money from Local Authorities.
- **The reference period** – in most cases this will be the **turnover reported on the 2019/20 tax return**, although there is an option to use the 2018/19 figure if 2019/20 was an unusually low year.

Only where the turnover figure for the reference period is higher than the pandemic period will the taxpayer qualify for this fifth grant.

In simple terms:

- if the 2020/21 turnover has reduced by 30% or more compared to the 2019/20 turnover, the grant will be 80% of three months average profits capped at £7,500; and
- if the 2020/21 turnover has reduced by less than 30% compared to the 2019/20 turnover, the grant is 30% of three months average profits capped at £2,850.

Please note that the reference period looks at turnover for an accounting period rather than the turnover received in the tax year. For example, a business that makes up accounts to 30 April will need to compare sales recorded in:

1. The pandemic period: 6 April 2020 to 5 April 2021; and
2. The reference period: 1 May 2018 to 30 April 2019 (as this accounting year will have formed the basis of the 2019/20 tax return)

Please remember in all cases the comparison is of turnover not profits of the business.

HMRC say that partners will need to provide turnover figures for the partnership as a whole unless they also have other trades, in which case they can use their share of partnership turnover.

The Team at Allens



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