

Circulation: NFU Internal; NFU members

Date: 16 April 2020

Ref: Coronavirus (COVID-19) –  
Government support for the Self-  
employed

Contact: Michael Parker, Head of Tax

## Coronavirus (COVID-19) – Government support for the self-employed

### Issue No. 4

#### Introduction

**This briefing provides an outline of those measures announced by the Chancellor, Rishi Sunak, that were specifically aimed at providing support to the self-employed where they have lost income due to the impact of Covid-19. The intention is to update this note as further announcements are made and to publish these on [NFU online](#).**

#### **UPDATED: Self-Employment Support Scheme.**

One of the key eligibility conditions for this scheme is to have filed a 2019 Self-Assessment tax return. If you have not yet done so you must file by 23 April 2020 or you will be ineligible to access this support scheme.

Direct financial support will be provided to self-employed individuals who have been affected financially by Covid-19 in the form of a grant. This is not a loan and is not repayable. It will however be subject to Income Tax and National Insurance contributions.

The grant is only open to those with total self-employed earnings below £50,000 and where those earnings account for more than half of their total income. The amount of the grant will be 80% of monthly self-employed profits with a cap of £2,500 per month. It will be paid initially for 3 months, backdated to March 2020, in the form of a lump sum in June. HMRC currently plan to contact self-employed individuals in mid-May 2020.

Further details on claiming the grant and eligibility conditions can be found in revised [HMRC guidance](#). HMRC have also now published guidance on how they will [calculate trading profits and total income](#). These guides now answer some of the questions the NFU has raised such as the position where a farmer has made a claim for farmers profit averaging, where an individual has more than one self-employed trade, or where trading losses have been made.

Further details on claiming the grant and eligibility conditions can be found in revised [HMRC guidance](#). HMRC have also now published guidance on how they will [calculate trading profits and total income](#). These guides now answer some of the questions the NFU has raised such as the position where a farmer has made a claim for farmers profit averaging, where an individual has more than one self-employed trade, or where trading losses have been made. The NFU has also confirmed with HMRC that for individuals trading in partnership it is their share of partnership trading profits that must be below the £50,000 limit.

The NFU will continue to engage with HMRC on areas where further clarification is required or where members

are experiencing barriers to accessing this grant, for example in relation to the level of their diversified income. [We would like to hear from members who are unable to access the grant for whatever reason.](#)

### Self-Assessment (Income tax).

Support is being provided to businesses during the coronavirus pandemic by deferring self-assessment for the self-employed for six months. This applies to the second payment on account for 2019/20 due on 31st July 2020. This is now deferred until 31 January 2021 and no interest will be charged during the deferral period. No application is required as it is mandated automatically. Self-assessment returns should still be filed by their due date and it is suggested that you may wish to file the 2019/20 return as soon as possible, particularly if your income decreased in the year.

### Value Added Tax (VAT).

VAT payments have been deferred by three months. VAT registered businesses should continue to file their VAT returns by the due date. Any businesses that have a direct debit for payment of their VAT and wish to defer payment will need to cancel it before the original collection date. The deferral for VAT payments applies from 20th March 2020 until 30th June 2020. All VAT registered traders are eligible. This is an automatic offer and no application is required. Businesses will not need to make a VAT payment during this period.

### UPDATED: Welfare benefits support.

Benefits and Tax Credit payment increases came into effect on the 6 April. Individual payment dates will vary. Claimants don't have to take any action – they will receive increased payment by 18 May. [More information](#) is available on [GOV.UK](#).

This year, HMRC will automatically renew all tax credits claims apart from those identified as high risk. This means that around 3.9 million claimants will have their claim auto renewed. They will receive an auto renewal pack and will only need to contact HMRC if their details differ from the pack. HMRC will need more information from 150,000 claimants identified as high risk and they will be sent a reply required renewal pack and will be expected to complete it in the normal way.

Please be aware, if you are currently a tax credit claimant and you claim Universal Credit, your tax credit award will be closed from the day before your Universal Credit claim is made. Once you have made a Universal Credit claim it is not possible to go back to tax credits. This is a very important point to bear in mind since it is likely that self-employment claimants with highly variable monthly income and outgoings such as farmers will be worse off under Universal Credit than under tax credits due to the way their profits will be assessed monthly.

[More guidance](#) on managing tax credits is available on [GOV.UK](#).

### Other measures.

Self-employed businesses could, depending on their circumstances, also be able to access the Job Support scheme for employees, the Coronavirus Business Interruption Loan Scheme (CBILS) and Business Rates reliefs.

We have and continue to receive a significant number of queries from members and regional colleagues. We are logging these questions, although it is not possible to respond to every query currently due to available resource (it is also often the case the answer is simply not yet available from the current information).