

The Coronavirus Act 2020 Functions of Her Majesty's Revenue and Customs (Self-Employment Income Support Scheme) Direction

The Treasury, in exercise of the powers conferred by sections 71 and 76 of the Coronavirus Act 2020, give the following direction:

1. This direction applies to Her Majesty's Revenue and Customs.
2. This direction requires Her Majesty's Revenue and Customs to be responsible for the payment and management of amounts to be paid under the scheme set out in the Schedule to this direction (the Self-Employment Income Support Scheme).
3. This direction has effect for the duration of the scheme.

Signed by the Chancellor of the Exchequer

A handwritten signature in blue ink, appearing to be 'Rishi S', is centered on the page.

Her Majesty's Treasury
30/04/2020

SCHEDULE

THE SELF-EMPLOYMENT INCOME SUPPORT SCHEME

Introduction

1. This Schedule sets out a scheme to be known as the Self-Employment Income Support Scheme (“SEISS”).

Purpose of scheme

2. The purpose of SEISS is to provide for payments to be made to persons carrying on a trade the business of which has been adversely affected by the health, social and economic emergency in the United Kingdom resulting from coronavirus and coronavirus disease.

Claims

3.1 A claim for a payment under SEISS must be made in such form and manner and contain such information as HMRC may require at any time (whether before or after payment of the claim) to establish entitlement to payment under SEISS.

3.2 A claim must be made by a qualifying person.

3.3 A claim may only be made in relation to a trade the business of which has been adversely affected by coronavirus or coronavirus disease.

3.4 No claim may be made if it is abusive or is otherwise contrary to the exceptional purpose of SEISS.

Qualifying person

4.1 A person is a qualifying person if the following conditions are met.

4.2 The person must-

- (a) carry on a trade the business of which has been adversely affected by reason of circumstances arising as a result of coronavirus or coronavirus disease,
- (b) have delivered a tax return for a relevant tax year on or before 23 April 2020,
- (c) have carried on a trade in the tax years 2018-19 and 2019-20,
- (d) intend to continue to carry on a trade in the tax year 2020-21,
- (e) if that person is a non-UK resident or has made a claim under section 809B of ITA 2007 (claim for remittance basis to apply), certify that the person’s trading profits are equal to or more than the person’s relevant income for any relevant tax year or years,

- (f) be an individual, and
- (g) meet the profits condition.

4.3 In paragraph 4.2, “relevant tax year” means all or any of the tax years 2016-17, 2017-18 and 2018-19, as the case may be, for which a person’s trading profit and relevant income must be determined for the purposes of SEISS.

The profits condition

5.1 The profits condition is met if-

- (a) where the person is not subject to the loan charge, the person meets condition A, B or C, or
- (b) where the person is subject to the loan charge, the person meets condition D or E.

5.2 Condition A is met if-

- (a) the person’s trading profits of the tax year 2018-19 were £50,000 or less but were more than nil, and
- (b) those profits are equal to or more than the person’s relevant income in that tax year.

5.3 Condition B is met if-

- (a) the person carried on a trade in the tax years 2016-17, 2017-18 and 2018-19,
- (b) the average amount of the person’s trading profits of those tax years was £50,000 or less but was more than nil, and
- (c) the sum of those profits is equal to or more than the sum of the person’s relevant income for those tax years.

5.4 Condition C is met if-

- (a) the person carried on a trade in the tax years 2017-18 and 2018-19 but did not carry on a trade in the tax year 2016-17,
- (b) the average amount of the person’s trading profits of the tax years 2017-18 and 2018-19 was £50,000 or less but was more than nil, and
- (c) the sum of those profits is equal to or more than the sum of the person’s relevant income for those tax years.

5.5 Condition D is met if-

- (a) the person carried on a trade in the tax years 2016-17 and 2017-18,
- (b) the average amount of the person’s trading profits of those tax years was £50,000 or less but was more than nil, and

(c) the sum of those profits is equal to or more than the sum of the person's relevant income for those tax years.

5.6 Condition E is met if-

(a) the person did not carry on a trade in the tax year 2016-17,

(b) the person's trading profits of the tax year 2017-18 were £50,000 or less but were more than nil, and

(c) those profits are equal to or more than the person's relevant income for that tax year.

SEISS payment

6.1 The amount of the SEISS payment is the lower of-

(a) £7,500, and

(b) $3 \times \left(\frac{TP}{12} \times 80\%\right)$.

6.2 In paragraph 6.1, TP is-

(a) except where the person is subject to the loan charge, determined by the first to apply of the following paragraphs-

(i) if the person carried on a trade in the tax years 2016-17, 2017-18 and 2018-19, the average trading profits of those tax years,

(ii) if the person did not carry on a trade in the tax year 2016-17, the average trading profits of the tax years 2017-18 and 2018-19, and

(iii) if the person did not carry on a trade in the tax year 2017-18, the trading profits of the tax year 2018-19, or

(b) where the person is subject to the loan charge, the average trading profits of the tax years 2016-17 and 2017-18 or, if the person did not carry on a trade in the tax year 2016-17, the trading profits of the tax year 2017-18.

Trading profits

7.1 For the purposes of SEISS, the amount of trading profits for a tax year is equal to-

$$TIC - TL$$

where-

TIC is, subject to paragraph 7.2, the amount of the trading income component of total income at Step 1 of section 23 of ITA 2007 (the calculation of income tax liability) for that year, and

TL is the amount of any trading loss in that year.

7.2 Where an averaging claim has been made under Chapter 16 of Part 2 of ITTOIA 2005 (averaging profits of farmers and creative artists), the trading income component of total income of

the tax years to which the claim relates is taken as the trading income before any adjustment is made in accordance with section 223 of that Act (adjustment of profits).

Relevant income

8.1 For the purposes of SEISS, the amount of relevant income for a tax year is equal to-

$$TI + OI - TIC$$

where-

TI is, subject to paragraph 8.2, the amount of total income for that year,

OI is the amount of overseas income for that year where the person making a claim is a non-UK resident for that year or has made a claim under section 809B of ITA 2007 (claim for remittance basis to apply), and

TIC has the same meaning as in paragraph 7.

8.2 Where an averaging claim has been made under Chapter 16 of Part 2 of ITTOIA 2005 (averaging profits of farmers and creative artists), the total income of the tax years to which the claim relates is taken as the total income before any adjustment is made in accordance with section 223 of that Act.

8.3 For the purposes of paragraph 8.1-

- (a) "overseas income" for a tax year is any amount of income which is not charged to income tax in the United Kingdom that is substantially similar to an amount of income that would be chargeable to income tax in the United Kingdom if it arose in the United Kingdom, and
- (b) whether overseas income is "for" a tax year must be determined on a just and reasonable basis.

Loan charge cases

9. For the purposes of SEISS, a person is subject to the loan charge if-

- (a) on 26 March 2020 the person is chargeable to income tax on any amount by reason of Schedule 11 or 12 to the Finance (No. 2) Act 2017 (loan charge) as enacted as at that date, or
- (b) the person would be so chargeable but for entering into a contract settlement on or after 20 December 2019.

Contract settlements and amendments to tax returns

10. For the purposes of SEISS, amounts of trading profits and relevant income are determined by reference to a person's tax returns as at 23 April 2020 but no account will be taken of any amendment made to a tax return on or after 6pm on 26 March 2020 or any contract settlement.

Entitlement under other schemes

11. Entitlement to a payment under SEISS is without prejudice to any entitlement to a payment under any similar scheme arising from a direction under section 76 of the Coronavirus Act 2020.

HMRC's accounts

12. SEISS payments made by HMRC must be shown in HMRC's consolidated accounts produced for the purposes of section 6(4) of the Government Resources and Accounts Act 2000 and section 2 of the Exchequer and Audit Departments Act 1921 for the year ending on 31 March 2021.

Interpretation

13. In this scheme-

“contract settlement” has the meaning given by paragraph 8(7) of Schedule 1AB to TMA 1970;

“HMRC” means Her Majesty's Revenue and Customs;

“ITA 2007” means the Income Tax Act 2007;

“ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005;

“non-UK resident” has the meaning given in section 989 of ITA 2007;

“overseas income” has the meaning given by paragraph 8.3;

“relevant income” has the meaning given by paragraph 8;

“SEISS” means the Self-Employment Income Support Scheme;

“TMA 1970” means the Taxes Management Act 1970;

“tax return” means a return of income and capital delivered to HMRC under section 8 of TMA 1970 (personal return);

“tax year” has the meaning given by section 4(2) of ITA 2007 (income tax an annual tax);

“the tax year 2018-19” (and any corresponding expression in which two years are similarly mentioned) has the meaning given by section 4(4) of ITA 2007;

“total income” has the meaning given by section 989 of ITA 2007;

“trade” means a trade, profession or vocation the profits of which are chargeable to income tax under Part 2 of ITTOIA 2005 (trading income) and in this definition “trade” has the same meaning as in section 989 of ITA 2007;

“trading profits” means the profits of a trade and are calculated in accordance with paragraph 7.