

Self Employed Income Support Scheme (SEISS)

One of the measures made by the government in response to the Coronavirus Crisis was to offer grants to businesses under the Self-Employed Income Support Scheme.

Applications for the first scheme were closed on 13th July 2020.

Applications for the second scheme are now open and claims must be made by 19th October 2020 at the latest.

The conditions for the second grant and the way the award is calculated are the same as for the first grant. You can make a claim for the second grant if you are eligible, even if you did not make a claim for the first grant.

Each of the grants apply for specific periods; the first grant applies to the period up to 14th July 2020 and the second grant applies to the period on or after 14th July 2020.

One of the main conditions for making a claim for SEISS is that **“your business has been adversely affected due to coronavirus (Covid-19)”**.

The legislation does not expand upon what “adversely affected” means. The taxman has provided guidance here:

<https://www.gov.uk/guidance/decide-if-your-business-has-been-adversely-affected-for-the-self-employment-income-support-scheme>

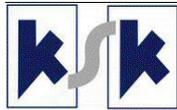
Unfortunately, some are still confused as to whether or not they are eligible to make a claim.

Where legislation does not provide explicit details of its meaning, you must rely on what the wording used means as would be commonly understood in everyday English. In practice one may also take into consideration the context in which the legislation was introduced, but for the purpose of this exercise I shall stick to common language meaning.

The phrase “adversely affected” in the context of this legislation can be interpreted as your business has in some way been changed with a negative impact as a direct result of the coronavirus pandemic.

For example, if your business income has decreased and/or your business expenses have increased as a direct result of the coronavirus crisis then your business has been adversely affected.

In the HMRC guidance, one example uses the phrase “significantly fewer customers”, which implies there is some measurement of the impact on a business. HMRC have recently confirmed that there is no minimum threshold for which a drop in income or increase in expenses is measured for the purposes of a claim.



This means any amount of decrease in income and /or increase in expenditure would meet the “adversely affected” criteria.

The interpretation does in fact go further, for example if a business’s income has not fallen, but it could show that projected income has been less than expected as a direct result of the coronavirus crisis, this would qualify as meeting the “adversely affected” criteria.

It is important to note that when making a claim a business must confirm that their business has been adversely affected by the coronavirus crisis. Businesses should therefore ensure that they keep adequate records to prove eligibility for any claim made.

If a claim was found to be made incorrectly, HMRC would seek full recompense for any grant received and seek interest and penalties as well.

If you need assistance, guidance or advice in connection with your business or personal tax affairs contact Paul Southward.