

# COVID-19: UK Chancellor Announces Measures to Support the Self-Employed

**Tax Talks Blog** on **March 26, 2020**

Earlier this evening (26 March 2020) the UK Chancellor announced the new Self-Employed Income Support Scheme to help the self-employed face the economic hardship wrought by the COVID-19 pandemic. Below are the key points:

- The scheme will provide direct cash grants of 80 per cent of individuals' taxable profits (based on average monthly trading profit over the three tax years 2016-17, 2017-18 and 2018-19), up to £2,500 per month.
- The scheme will be open to those with a trading profit of less than £50,000 in 2018-19 or an average trading profit of less than £50,000 from 2016-17, 2017-18 and 2018-19. To qualify, more than half of their income in those periods must come from self-employment. 95 per cent of self-employed individuals are expected to benefit with this limitation.
- The scheme will initially run for three months from 1 March and is expected to be accessible from June.
- To prevent fraud, it will only apply to those that are already self-employed and have a tax return from 2018-19. Those that missed the deadline for that tax return (31 January this year) are allowed an additional four weeks to complete it.
- Individuals should not contact HMRC now. HMRC will use their existing information to determine potential eligibility and contact individuals asking them to make applications once the scheme is operational.
- Importantly, the scheme does not apply to individuals who operate through a company and pay themselves a salary and dividends through that company. Instead, those individuals and their companies will be able to use the previously announced Coronavirus Job Retention Scheme to the extent that the companies operate PAYE schemes and qualify for benefits under the Job Retention Scheme. However, the scheme announced today will apply to self-employed members of partnerships.

The Self-Employed Income Support Scheme is meant to be equivalent to the Coronavirus Job Retention Scheme announced on 20 March 2020 to support employees (reported by us [Coronavirus: UK Chancellor announces unprecedented measures to support the British economy](#)). Given the parity in treatment under the two schemes, and as a separate matter, the Chancellor has also suggested that he might look in due course to eliminate the differences in National Insurance Contribution (NIC) obligations for the employed and self-employed in order to recoup at a later stage some of the huge costs being incurred now.

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