



Self Employed Income Support Scheme Grants

As many of the grants for Coronavirus had been hastily implemented HM Revenue & Customs have introduced significant penalties for incorrectly claiming grants which taxpayers are not entitled to.

The penalties can be up to 100% of the grant incorrectly claimed.

If you claimed the 1st, 2nd or 3rd SEISS grant from HM Revenue & Customs and think that in hindsight you may not be entitled to receive it, it is important that you notify HM Revenue & Customs on the submission of your 2020/21 tax return and repay any overpayment received by 31 January 2022 to avoid the application of penalties in cases of genuine error.

To recap, the key criteria for entitlement to **1st and 2nd SEISS grants** were:

- You have traded in the tax year 2019/20;
- Intended to continue to trade in the 2020/21 tax year;
- The trade was **adversely affected** by coronavirus.
 - 1st grant** - adversely affected on or before 13 July 2020.
 - 2nd grant** - adversely affected between 14 July 2020 and 19 October 2020.

“Adversely affected” could include:

- not being able to work for periods of time as a consequence of COVID;
- scaling down because of fewer customers or staff being unable to work;
- increased costs to make the workplace COVID secure; or
- lost sales because of COVID.

The eligibility criteria for the **3rd grant** are more restrictive. The criteria for the 3rd grant are as follows:

- You have traded in the tax year 2019/20;
- Intended to continue to trade in the 2020/21 tax year;
- experience **reduced activity, capacity or demand or be temporarily unable to trade** in the period from 1 November 2020 to 29 January 2021 compared with what could reasonably have been expected but for the adverse effect on the business of coronavirus; and
- the claimant reasonably believes the impact will cause a significant reduction in trading profits for the **relevant accounting period**, compared with what would otherwise have reasonably been expected as a result of that reduced activity, capacity or demand.

Unlike for the 1st and 2nd grants a reduction in profits owing to increased costs alone does not meet the eligibility criteria. Claims also don't meet the eligibility criteria for the 3rd grant if the reduced activity, capacity or demand is caused solely because the person is required to self-isolate, or care for someone who is self-isolating following travel.

Unfortunately, there is no definition of what a significant reduction is deemed to be.

If you believe that you may not meet the eligibility criteria above for one or more of the grants claimed please contact our tax department to discuss this further.