



# R. M. Rahim & Co.

## Chartered Accountants & Business Advisers

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### Covid-19 Update: Self Employed, Limited Companies & Landlords

Dear Clients,

We hope that this update reaches you all in good health. The global community is going through an extremely tough time right now with the Covid-19 pandemic and we wish all of you and your families good health, safety and the resilience to see this through. Please see below the latest update as at 27/03/2020.

**Please note after further guidance our office is now closed until further notice. We are working from home and will be responding to emails only. If you need to get in touch after reading this guidance please send an email to [staff@rmrahim.com](mailto:staff@rmrahim.com)**

#### **Self-employment Income Support Scheme (SEISS)**

The Self-employment Income Support Scheme (SEISS) will support self-employed individuals (including members of partnerships) whose income has been negatively impacted by COVID-19. The scheme will provide a grant to self-employed individuals or partnerships, worth 80% of their profits up to a cap of £2,500 per month.

#### **Are you eligible?**

To be eligible for the scheme you must meet all the criteria below:

- Be self-employed or a member of partnership;
- Have lost trading/partnership trading profits due to COVID-19;
- File a tax return for 2018-19 as self-employed or a member of a trading partnership. Those who have not yet filed for 2018-19 will have an additional 4 weeks from this announcement to do so;
- Have traded in 2019-20; be currently trading at the point of application (or would be except for COVID 19) and intend to continue to trade in the tax year 2020 to 2021
- Have trading profits of less than £50,000 and more than half of your total income comes from self-employment. This can be with reference to at least one of the following conditions:
  - Your trading profits and total other income in 2018/19 (if traded one year only)
  - Your average trading profits and total average income across up to the three years between 2016-17, 2017-18, and 2018-19.

#### **How much you'll get**

You'll get a taxable grant which will be 80% of the average profits from the tax years (where applicable):

2016 to 2017  
2017 to 2018  
2018 to 2019

To work out the average HMRC will add together the total trading profit for the 3 tax years (where applicable) then divide by 3 (where applicable), and use this to calculate a monthly amount capped at £2,500 per month.

HMRC will pay the grant directly into your bank account, in one instalment.

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## **How can you apply**

We cannot apply for this scheme yet.

HMRC will contact you if you are eligible for the scheme and invite you to apply online. We think you will be getting your invitations by June 2020. We can assist you in applications if required once received.

## **What can you get now?**

- Universal Credits applications to obtain the SSP rate is the way forward for now until the grant kicks in. We advise clients who fall into this category to start applying for this to see if their individual circumstances make them eligible for more than the SSP rate. The government has advised the payments will be made shortly after applications but no timeline has been given. [Click here to apply](#) and check eligibility.
- There is also Business Rates Relief and cash grants if applicable and eligible (please see the details on our previous update and [online here](#)). This will be applied automatically and the local council will be in touch with you from 1 April 2020.
- Claim SSP for any staff affected by Covid-19 and unable to work. Let us know by email only which employees have been off sick and from when. We can claim back the SSP from day one of sickness if due to Covid-19 via a credit on your PAYE account.
- Coronavirus Job Retention Scheme (If you have a PAYE Scheme): As detailed in our previous update this means you can 'furlough' any of your employees if they will not be working in the coming months due to Covid-19 and would have been made redundant. There must be no work carried out by the employees whilst furloughed. The government will then pay you back 80% of the wage up to a limit of £2,500 per month. This scheme is applicable from 1 March 2020 and the wage will need to be actually paid by the business to its employees and it can be claimed back at the end of April when the HMRC system is ready. The business is not obligated to pay the 20% extra to its employees so you could just pay 80% and claim this back at the end of April. Let us know by email only which employees you wish to furlough and from when, along with the payroll amount.
- Deferral of VAT Payments by 3 months. Self Assessment tax payments due July 2020 deferred to January 2021. You should cancel any direct debit with HMRC for VAT and Self Assessment (if applicable).

## **I run my own limited company and pay myself via my own PAYE scheme and dividends, what help can I get?**

Unfortunately the SEISS does not take into account your specific circumstances and you will not be eligible for the grant. Pressure is mounting on the government to look into this area and we will update you when we have any information. However the help available to you as of now is: (please refer to our previous update for greater details of each scheme)

- Business Rates Relief and cash grants if applicable. This will be applied automatically and the local councils will be in touch with you from 1 April 2020.
- Claim SSP for any staff affected by Covid-19 and unable to work. Let us know by email only which employees have been off and from when. We can claim back the SSP from day one of sickness if due to covid-19.
- Coronavirus Job Retention Scheme: As detailed in our previous update this means you can 'furlough' yourself and any of your employees if you will not be working in the coming months. There must be no work carried out whilst furloughed. The government will then pay you back 80% of the wage up to a limit of £2,500 per month. This scheme is applicable from 1 March 2020 so you could use it for the current month payroll but please keep in mind PAYE Tax and NI will still be due as usual. The money will need to be actually paid by the company to its employees and it can be claimed back at the end of April when the HMRC system is ready. The company is not obligated to pay the 20% extra to its employees so you could just pay 80% and claim this back at the end of April. Let us know by email only which employees you wish to mark as furloughed and from what date, along with the payroll amount.
- Coronavirus Business Interruption Loans Scheme: Up to 12 months interest free loans with a minimum loan value of £25,000 upwards and mainly applicable to business with a previous year turnover of £100,000 or more. Ask us by email to send you further details if you are eligible and interested.

If you aren't affected by covid-19 and profits are as usual you should operate payroll as normal and take your monthly dividends as usual. It may be an idea to take enough dividends to future proof your disposable income in uncertain times. Please also remember to take your £2,000 tax free dividends per shareholder before 5 April 2020 if you haven't already.

**I am a private landlord and would like to know about the measures announced for tenants and landlords, what guidance is there for me?**

There have been many people affected by Covid-19 directly and indirectly, which may well include your tenants.

As of now the government has announced that landlords will not be able to bring new claims for possession in the courts for a period of at least three months, but may be extended if needed. The government guidelines clearly state that tenants are still liable for their rent and should pay this as usual. If renters face financial hardship and struggle to pay their rent, support is available for them via the financial support packages announced.

The chancellor's promise of a three-month mortgage payment holiday to customers affected by coronavirus has been extended to buy-to-let borrowers whose tenants are experiencing financial difficulties due to coronavirus. This payment holiday will also apply to those who have borrowed through limited companies. You should contact your mortgage company to apply for this.

The advice to landlords is to engage in proactive communication with their renter(s) regarding their financial situation. Where possible you should put into place a payment plan with your tenants. The underlying message from the Government's response is that renters, landlords and Government are now expected to work together so that, when the UK pulls through the Covid-19 pandemic, peoples' lives and the economy can rebound as quickly as possible, and homelessness for renters will not become widespread.

**We hope the above guidance enables you to see what support is available to you and provides sufficient guidance to seek the support available. If you require further assistance in seeking the support available please send an email to [staff@rmrahim.com](mailto:staff@rmrahim.com) and we will get back to you as soon as we can. We are aware the government are frequently making announcements and changes due to the current situation and we will be doing our best to update our clients via our Facebook page and emails over the coming weeks.**

**(current information as at 27/03/2020)**

**Stay safe and well!**

**FURTHER INFORMATION ON ALL GOVERNMENT SUPPORT CAN BE FOUND ON:**

**<https://www.businesssupport.gov.uk/coronavirus-business-support/>**