



## How to complete a tax return if you received SEISS grants

During the coronavirus pandemic, many self-employed people will have received Self-Employment Income Support Scheme (SEISS) grants from the government. What you may not have realised is that these grants are subject to income tax and self-employment National Insurance contributions. For most people, the first three SEISS grants should be included on your 2020/21 tax return, irrespective of what accounting period you use. The 4<sup>th</sup> and 5<sup>th</sup> grants should be included on your 2021/22 tax return. The only exception is for partners whose SEISS grants have been paid into the business partnership and then distributed as per the partnership agreement – more on this later.

### Completing a paper tax return

If you are you planning on completing a paper tax return for 2020/21 before 31st Oct 21, were a self-employed individual and received SEISS grants during 20/21, you may be wondering where and how you have to enter these on your tax return. You will need to complete the main tax return (SA100) plus supplementary pages for each of your self-employments. Remember, if your turnover (sales) is less than the VAT registration threshold of £85,000 then you complete the short self-employment pages (SA103S) – otherwise you complete the full self-employment pages (SA103F).

On the SA100 you will need to complete box 20.1: *'If any of your businesses received coronavirus support payments (such as CJRS, SEISS) you must put 'X' in the box to declare that they have been included as taxable income when calculating profits in the period of this return'*.

You also need to include the total of the first three SEISS grants in box 27.1 'Self-Employment Income Support Scheme grant' (short pages) and in box 70.1 (full pages). Don't be tempted to complete box 10 (short) or box 16 (full) – these are additional boxes for other coronavirus business support grants but must not be used for SEISS grants.

If you have repaid any of the first three SEISS grants, when you complete your 2020/21 tax return, you should only include the amount of SEISS grants which you have not voluntarily repaid in the appropriate box.

If you have multiple trades then you include the proportion of the SEISS grants you have allocated to the trade to which the self-employment pages relate.

Please note that you should **not** add the grants to your other income and include it in the turnover box. The SEISS grants should be only reported in the dedicated box as set out above.

### Completing a tax return online

So what do you need to do if you plan to file your tax return 20/21 online?

In the section about your self-employment, which is where you will put information on your turnover income, there is a question: *Any other business income (include coronavirus support payments such as Coronavirus Job Retention Scheme, but **not** Self-Employment Income Support Scheme grants): (optional)* – so don't include your SEISS grant income here, as there is a separate question about SEISS grant income later.



After completing information on business expenses/capital allowances you will be directed to a page called 'Other tax adjustments for your business trading name'. This is where you will find the question: **Self-Employment Income Support Scheme grant:** (*optional*) and this is where you include the total of your first three SEISS grants.

You will notice that in the tax calculation, the SEISS grants are included within your 'Profits from self-employment'. Don't forget that the SEISS grants will count as income when looking at the small profits threshold for Class 2 National Insurance contribution purposes.

As part of the declaration before you submit your completed tax return, there is an additional question for you to tick: **Coronavirus Support Payments** (Optional): 'I declare that I have included all coronavirus support payments that I have received (such as Coronavirus Job Retention Scheme and Self-Employment Income Support Scheme) as taxable income when calculating profits in the period of this return'.

#### What if I am in a partnership?

The rules are slightly different if you are a partner in a partnership, depending on who actually received the grant(s):

- If you, as a partner, were eligible for the SEISS grants and claimed and received the income into your own bank account (so it is **not** recorded as partnership income in the partnership accounts) then the grants will be treated in a similar way to how they are treated if you are a self-employed individual. The first three SEISS grants will be included on your 2020/21 tax return. The total of grants you received should be recorded on your partnership supplementary pages in Box 9.1 (whether you are completing the short partnership pages SA 104S or the long partnership pages SA104F). You do not include the SEISS grant income on the main partnership return (SA800). The 4<sup>th</sup> and 5<sup>th</sup> grants should be included on the 2021/22 partnership supplementary pages.
- If you claimed the SEISS grants and they were treated as partnership income, included in the partnership accounts and distributed to all the partners in line with the partnership agreement, then there are different rules. In these circumstances, the SEISS grants should **not** be included on the individual's partnership supplementary pages (SA104S and SA104F) but instead should be included within the turnover boxes 3.24 or 3.29 on the Partnership tax return (SA800). The grants would be taxed in the tax year based on the partnership's accounting period.

#### What about the Trading Allowance?

Usually, if your income from self-employment is less than £1,000 pa then this income is covered by the Trading Allowance and there is no need to complete a tax return. However, if you claimed any SEISS grants then a tax return must be completed, including the self-employment pages, even if your income was below the Trading Allowance of £1,000. The self-employment pages would be completed to show the income received, the Trading Allowance claimed, and the total of SEISS grants received. Remember, that if you received any of the first three SEISS grants then



these must be included as income on the 2020/21 tax return, even if there is no income tax or Class 2 or 4 National Insurance contributions to pay.

Tax Help for Older People offers guidance over the phone with the completion of these forms, so if you are on a low income and need some help, then you can contact the charity on 01308 488066.

This article is by Tax Help for Older People Registered Charity no 1102276 (Scotland no SC045819), offering free tax advice to older people on a low income who cannot afford professional help.