



Self Assessment tax returns made simple

The introduction of the Self-Employment Income Support Scheme (SEISS)

On 26th March 2020, Rishi Sunak announced that the government would [support self-employed workers](#) in the form of a grant worth 80% of their profits for a period of three months. This was capped at £2,500 and applications were closed on 13th July 2020.

To qualify, you had to [meet a number of requirements](#). Firstly, more than half of your income had to come from self-employment. Secondly, to protect against fraud, you had to already be self-employed and have submitted your tax return for 2018/19 before the 31st January 2020 deadline. This enabled HMRC to calculate the grant payment due if you were eligible.

On 29th May 2020, SEISS was extended by a further three months, allowing those previously eligible to claim a second grant. This instalment was worth 70% of average monthly trading profits, paid out in a single sum covering three months' worth of profits and capped at £6,570 in total.

The third grant, announced on 24th September 2020, covered the three month period from 1st November 2020 until 29th January 2021. This was worth 80% of average monthly trading profits and paid like before. The fourth is set to cover the next three-month period, from the start of February until the end of April. However, the level of support available will not be published until the Spring Budget, which takes place on 3rd March 2021.

Whilst the support from the government has been welcomed with open arms, by most, it is worth noting that these grants are taxable. Each grant should be reported on your tax return, as income, in the accounting period they were received. This means there may be tax and NIC due on these payments and therefore it may impact your tax liability due 31 January 2022.

TIME IS RUNNING OUT.

FILE YOUR TAX RETURN BEFORE THE 28th.

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The extension of the Self-Assessment filing deadline

If this wasn't enough, sole traders were also made [exempt from a late filing penalty](#), provided that they filed online by 28th February 2021. However, this has proved somewhat confusing as self-employed individuals were *still* expected to pay their tax bill by 31st January.

Any individuals that failed to do so would be charged interest from 1st February on any late payments. This became even more costly if you delayed your payment on account from July 2020 ([another COVID-19 response measure](#)), as the two payments were both due on 31st January 2021 and each accrued interest.

Important change to be aware of

In a further curveball announced 19th February HMRC confirmed that the initial 5% late payment penalty on self-assessed tax would not be charged as long as the tax is paid, or a time to pay arrangement is agreed by 1st April 2021. The self-assessment timeline is now

- 31 January – *Normal* Self-Assessment deadline (paying and filing)
- 1 February – interest accrues on any outstanding tax bills
- 28 February – last date to file any late tax returns to avoid a late filing penalty
- 1 April – last date to pay any outstanding tax or make a Time to Pay arrangement, to avoid a late payment surcharge
- 1 April – last date to set up a self-serve Time to Pay arrangement online

If you're unable to pay your tax bill in time, the government is advising you to [pay in instalments](#). This enables you to spread the cost of your tax bill over a few months. Bear in mind that you must owe £30,000 or less and have no other payment plans or debts with HMRC. Your tax returns must be up to date, and you also have to sign up before 1st April 2021. It's worth noting that you'll have to pay interest too.

As there is currently no information concerning the rules for the fourth SEISS grant, we here at GoSimpleTax are urging all our users to submit their tax return immediately. After all, there's a strong possibility that they could determine your eligibility, and you must do it in order to set up a payment plan.

How taxpayers might pay for the support

Of course, to reap back the money spent on this support, it's expected that the government will need to introduce significant tax measures. While it has already been suggested that

the Chancellor won't want to introduce any that [will impact spending](#), rumours of changes to National Insurance, fuel duty and pension relief have all continued to circulate.

A [new tax aimed at online sellers](#) has also made many prediction lists in the run-up to the Spring Budget. Some of these sellers have seen an increase in demand over the pandemic compared to the high street. By introducing new charges, the government may hope to redress the balance.

In the meantime, it's important that all Self-Assessment users keep a keen eye on the latest support. While filing your tax return may help secure your eligibility, there's no guarantee that you'll still qualify despite claiming the previous three grants. Keeping yourself well informed will help you to know where you stand.

About GoSimpleTax

[GoSimpleTax](#) software submits directly to HMRC and is the solution for self-employed, sole traders, freelancers and anyone with income outside of PAYE to log all their income and expenses. The software will provide you with hints and tips that could save you money on allowances and expenses you may have missed.

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