

UNIVERSAL CREDIT

HELP SHEET
7 AUGUST 2013



Universal Credit

INCOME BASED BENEFITS ARE CHANGING

The change to Universal Credit (UC) has started in April 2013 in pilot areas, and is expected to be rolled out nationwide starting from October 2013, for people on low incomes and/ or out of work. UC payment is per household, not per person. It will be a replacement for most income based benefits including housing benefit.

UC will be assessed and paid on a monthly assessment basis and it will look at net income after tax

and national insurance. Individuals with savings of £16,000 or more will not be eligible to make a claim for UC

A current Tax Credit claimant will be automatically migrated to the UC and may be protected from some of the changes through special transitional arrangements. Most people will be required to manage their claim and applications through an online account. Payment will be direct to a claimant's bank account once a

month. UC is conditional on the claimant actively seeking work (although there are some exceptions). UC will reduce as work increases but overall income will go up as claimant gets to keep more income.

UC is being linked with Real Time Information for PAYE. RTI PAYE will pass on information regarding earned income so there will be an automatic update to the UC amount paid.



PROBLEMS FOR THE SELF EMPLOYED

For the self employed, UC can be a difficult credit to claim. It requires monthly submission of post tax and national insurance income, within strict deadlines. Claimants will be expected to be in gainful self employment achieving a bespoke minimum in-

come floor. There are several compliance and administrative issues for the self employed seeking to claim UC.

Those affected are advised to seek professional advice.

For further Information please contact:

Syeda Sadiq
Chartered Accountants
22 Lansdowne Road
Luton
Bedfordshire
LU3 1EE

01582 450873

Email:
enquiries@syedasadiq.co.uk

Website:
www.syedasadiq.co.uk

Blog:
<http://bit.ly/syedablog>

Facebook:
<http://bit.ly/syedaafb>