

Benefits Bulletin Update

Financial Support and Coronavirus (COVID-19)...

23rd April 2020

Issue **1.2** [2020]

1. Introduction

This Benefits Bulletin brings news on the latest announcements and developments as a result of the Coronavirus (COVID-19) outbreak. The key information provided covers the:

- change in the qualifying date for the **Coronavirus Job Retention Scheme** from **28th February 2020** to **19th March 2020**
- arrangements that have been put in place to provide financial support to those responsible for paying their **Council Tax** in Wolverhampton
- announcement for helping tenants, including news on the increase in the **Local Housing Allowance** rates for private tenants living in Wolverhampton
- advice to those who are getting **Working Tax Credit** and **Child Tax Credit** who have been furloughed, put on a reduced wage or who are now not working.

We have also included information on our understanding of the arrangements that have been put into place to hear **Social Security benefit appeals**, including those involving PIP / Employment and Support Allowance.

COVID-19 Benefits Helpline

The Welfare Rights Service has opened a new benefits helpline in response to the Covid-19 pandemic. Anyone living in Wolverhampton may use the helpline to obtain information and advice on any benefits they may be entitled to apply for at this difficult time. Anyone worried about how any existing benefits they get may be affected can also contact the helpline.



Open Monday to Friday between 10.00 am to 12.00 noon and 2.00 pm to 4.00 pm.

Telephone: 07966 292321

Email: wrs.covid19@wolverhampton.gov.uk

2. Job Retention Scheme...



The Job Retention Scheme was introduced as part of a package of measures designed to help support workers and protect jobs and incomes.

Under the scheme, employers are able to contact Her Majesty's Revenue and Customs (HMRC) for a grant to cover most of the wages of their employees who remain on their payroll but have no work (called '**furloughed workers**') due to the COVID-19 outbreak.

When originally launched, the scheme was only available to those employed on **Friday 28th February 2020**. However, on 17th April 2020 the government announced that the scheme has been extended to those employed up to and including **Thursday 19th March 2020** (i.e. the day after the original announcement was made).

Under the scheme, HMRC will:

- pay up to 80% of the worker's wages (up to a total of £2,500 per month) by way of a grant (not loan); and
- make payments backdated to 1st March 2020.

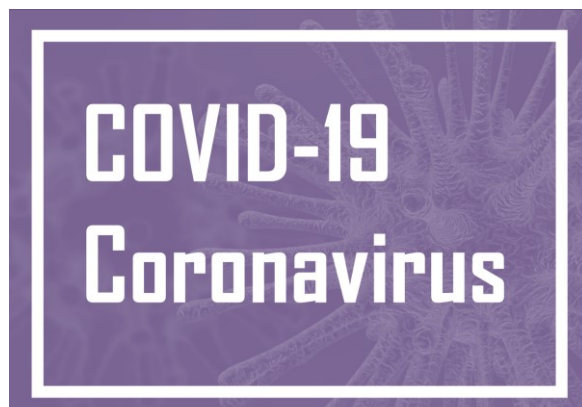
Originally the scheme was due last for a three-month period but this has now been by a further month. Therefore, the scheme is due to end on 30th June 2020, although depending how things develop it could be extended further.

"We've taken unprecedented action to support jobs and businesses through this period of uncertainty, including the UK-wide Job Retention Scheme. With the extension of the coronavirus lockdown measures yesterday, it is the right decision to extend the furlough scheme for a month to the end of June to provide clarity."

Rishi Sunak: Chancellor of the Exchequer 20.3.2020

The government advice to employers (see link on page 4) is that:

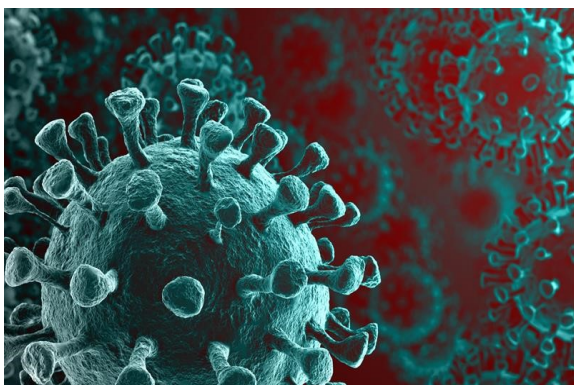
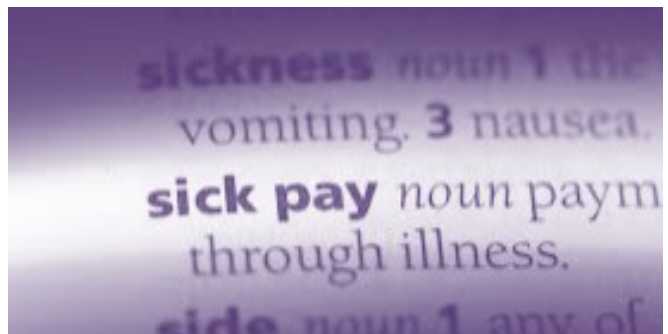
- A. If they cannot maintain their current workforce because of COVID-19 then they can furlough employees and apply for a grant that covers 80% of their usual monthly wage (up to a maximum of £2,500 a month), plus the associated Employer National Insurance contributions and pension contributions for the workers involved
- B. Claims may be made online and any support needed should be available on www.GOV.uk
- C. Payments may be withheld or need to be repaid in full to HMRC if the claim is based on dishonest or inaccurate information or found to be fraudulent
- D. They can only claim for furloughed employees that were on their PAYE payroll on or before 19th March 2020 and which were notified to HMRC on a Real Time Information (RTI) submission on or before 19th March 2020
- E. Employees who were employed as of 28th February 2020 and on payroll, but who were made redundant or stopped working for the company after that and prior to 19th March 2020, may qualify under the scheme if the employer re-employs them and puts them on furlough
- F. Any employer with a UK payroll can apply, including businesses, charities, recruitment agencies and public authorities



- G.** An individual can furlough employees, such as nannies, provided they pay them through PAYE, and have sent HMRC an RTI submission notifying a payment in respect of the employee on or before 19th March 2020
- H.** Employees who are unable to work because they have caring responsibilities resulting from Coronavirus (COVID-19) can be furloughed. For example, employees who need to look after children can be furloughed.
- I.** Employees can be on any type of employment contract, including full-time, part-time, agency, flexible or zero-hour contracts
- J.** Employees on fixed term contracts can be furloughed - their contracts can be renewed or extended before their natural conclusion during the furlough period without breaking the terms of the scheme
- K.** Where agency workers are paid through PAYE, they are eligible to be furloughed and receive support through this scheme, including where they are employed by umbrella companies. Furlough should be agreed between the agency, as the deemed employer, and the worker
- L.** If an employee has more than one employer they can be furloughed for each job - each job is separate, and the £2,500 per month cap applies to each employer individually - employees can be furloughed in one job and continue working for another employer and receive their normal wages
- M.** A furloughed employee can take part in volunteer work but this must not be voluntary work that provide services to or generate revenue for their company

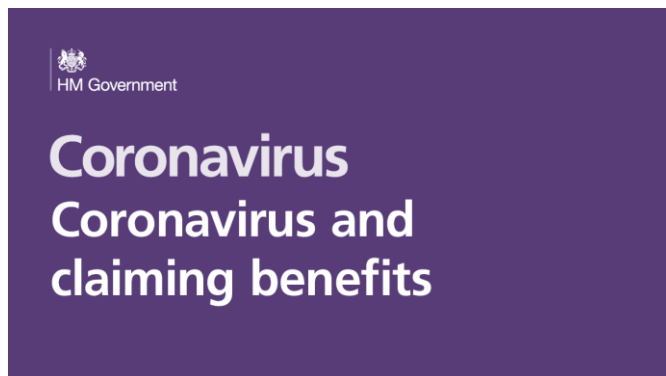
- N.** A furloughed worker (if contractually allowed) can work for another employer whilst they have been placed on furlough by them
- O.** Foreign nationals are eligible to be furloughed - grants paid under the scheme are not counted as 'access to public funds', and they can furlough employees on all categories of visa

On Sick Leave or Self-isolating: If an employee is on sick leave or self-isolating as a result of Coronavirus, then they may be able to get Statutory Sick Pay (SSP) and/or Universal Credit subject to the level of pay they previously received and their personal circumstance. The Coronavirus Job Retention Scheme is not intended for to be used in cases of sickness. However, if an employer wants to furlough an employee for business reasons and they are currently off sick, they are eligible to do so, as with other employees. In these cases, the employee would no longer receive sick pay and would be classified as a furloughed worker. Employers are also entitled to furlough employees who are off on long-term sick leave. It is up to employers to decide whether to furlough these employees. When an employee is on furlough, a company can only reclaim expenditure through the Coronavirus Job Retention Scheme and not the two-week SSP rebate scheme.



A furloughed worker retains their statutory employment rights, including their right to Statutory Sick Pay. This means that a furloughed worker who becomes ill may qualify for Statutory Sick Pay in the normal manner. It is up to employers to decide whether to move these employees onto Statutory Sick Pay or to keep them on furlough, at their furloughed rate. If a furloughed employee who becomes sick is moved onto SSP, employers can no longer claim for the furloughed salary.

The employer is required to pay SSP, although may qualify for a rebate for up to 2 weeks. If employers keep the sick furloughed employee on the furloughed rate, they remain eligible to claim for these costs through the Coronavirus Job Retention Scheme.



If an employee is on maternity leave, adoption leave, paternity leave or shared parental leave, the normal rules on pay apply although an employer can claim under the Coronavirus Job Retention Scheme for enhanced earnings related contractual pay for employees who qualify for either Statutory Maternity Pay, Statutory Adoption Pay, Statutory Paternity Pay or Statutory Shared Parental Pay.

For more information about the operation of the Coronavirus Job Retention Scheme including information about the rights of apprentices, workers who have had multiple employers over the past year and workers who have entered into unpaid leave arrangements then please go to:

[Coronavirus Job Retention Scheme](#)

Whilst this information makes it clear that the Coronavirus Job Retention Scheme is available to a wide number of employees, it is also clear that to qualify a person must have been on a company's payroll on or before **19th March 2020**. Therefore, as things stand, people who have moved jobs after this date may not qualify. In such cases the only real option may be for the furloughed worker to apply for Universal Credit. However, if the person is getting tax credits at this time then please see 6. Covid-19 and Tax Credits.

Agreeing to Furlough Workers: The Government's Advice...

When employers are making decisions in relation to the process, including deciding who to offer furlough to, equality and discrimination laws will apply in the usual way. To be eligible for the grant, employers must confirm in writing to an employee that they have been furloughed. If this is done in a way that is consistent with employment law, that consent is valid for the purposes of claiming a grant under the Coronavirus Job Retention Scheme. A written record needs to be made about the arrangement (which must be kept for five years), but an employee does not have to provide a written response.

Any employees placed on furlough must be furloughed for a minimum period of 3 consecutive weeks. When a furloughed worker returns to work, they must be taken off furlough. An employee can be furloughed multiple times, but each separate instance must be for a minimum period of 3 consecutive weeks.

Furloughed workers maintain rights against unfair dismissal and redundancy payments. A Coronavirus Job Retention Scheme grant cannot be used as a substitute for redundancy payments.

3. Help with Council Tax...

The City of Wolverhampton Council sent out its council tax bills for 2020/2021 last month. The bills issued were for the full council tax amount less any award of a status discount (or any other discount) and/or Council Tax Support. See below.

Although, people will still be expected to pay the amount due, anyone, in particular those who have experienced an unexpected reduction in income, can contact the Council (see below - Customer Service number) to arrange a revised payment arrangement. No recovery action on unpaid council tax bills will be taken at the present time.

Wolverhampton Council Tax Bands:

Band A: £1,270.62	Band E: £2,329.47
Band B: £1,482.40	Band F: £2,753.01
Band C: £1,694.15	Band G: £3,176.56
Band D: £1,950.94	Band H: £3,811.87



What has been announced is that each 'working age' household that:

- is currently getting Council Tax Support (CTS); or
- claims and qualifies for Council Tax Support during this financial year (2020/2021)

is to be given an additional **£150.00** rebate on this year's council tax bill. This may not mean a lot in some cases but it should mean that those households getting maximum Council Tax Support (see below) will have nothing (or next to nothing) to pay in 2020/2021.

The overriding message is that:

- anyone who is expecting to have problems paying their council tax should contact **Customer Services** on **01902 551166** who can agree an individual payment arrangement
- people should seek to pay what they can and when they can - spreading any payments over a 12-month period if necessary.

Further, the following information may prove useful to those who think they may qualify for a reduction in their council tax bill. The details provided explain how people's bills may be reduced by way of a Status Discount, Disability Reduction or because they qualify for Council Tax Support. The Customer Services team can offer further advice and information on this.

A Status Discount:

The council tax is essentially made up of a 50% property tax and a 50% person tax. The assumption is that there are two adults (people aged 18 or over) living in each property. Properties with more than two resident adults do not receive a larger bill but properties with less than two adults should receive a discount. A property which may be treated as having no adults living there may qualify for a 50% Status Discount. A property with one adult living there may qualify for a 25% Status Discount. If a property is empty, then it may qualify to be exempt from the council tax altogether. See the link below.



When assessing who is resident in a particular property, certain people may be ignored (treated as though they are invisible) even though that is their home, the place where they normally live. This includes:

- a carer who is caring for another adult (aged 18 or over) at least 35 hours per week (who is not their husband, wife or partner) and who is also living in the property and who gets AA, PIP (daily living component) or DLA (middle or higher rate care component)
- a person who may be considered to be long-term severely mentally impaired (this can include people with a learning disability and people with dementia) and this is confirmed by a medical practitioner and they are getting AA, PIP (daily living component) or DLA (middle or higher rate care component)
- a person who is aged under 20 who is in full-time education
- a student undertaking a degree course
- an apprentice or young person in approved training.

Therefore, for example, a property occupied by a couple and a disabled adult son (who is SMI) could qualify for a 25% Status Discount if at least one member of the couple cares for the disabled son. This is because the son would be treated as though they were invisible because they are SMI and the care-giving member of the couple would be treated as though they were invisible because they are a carer.



Do ring the Benefits Helpline if you would like more information about who may be treated as severely mentally impaired. See the front page of this Benefits Bulletin for the contact details.

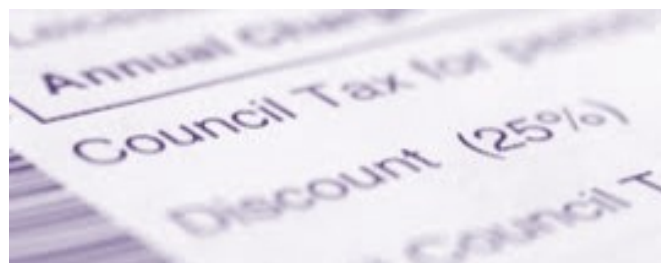
A Disability Reduction:

Under this scheme a person may qualify for a reduction in their council tax equal to the difference between the property's actual Band and the next lower Band. If the property is in Band A then the reduction would be the difference between Band A and Band B properties as there is no band lower than Band A.

To qualify, a disabled person (child or adult) must live in the property and the property must either have:

- a room which is predominantly used by the disabled person (for example, a room set aside for use of a kidney dialysis machine); or
- an extra bathroom or kitchen which is needed for the disabled person; or
- sufficient floor space to allow use of a wheelchair; and

the particular feature (e.g. the extra bathroom) should be of importance to the disabled person because of their disability/overall well-being.



If you would like to find out more about the Status Discount and Disability Reduction schemes, then please click on this link:

[Status Discounts and Disability Reduction](#)

Council Tax Support and Second Adult Rebate:

In Wolverhampton, the Council Tax Reduction scheme (historically the Council Tax Benefit scheme) was replaced by **Council Tax Support** from 1st April last year.

A person may qualify for Council Tax Support if they get one of the following benefits:

- Universal Credit (UC)
- Income-related ESA (ESA(IR))
- Income-based JSA (JSA(IB))
- Income Support (IS)
- Pension Credit (Guarantee Credit) (PC(GC))

or where none of these benefits are in payment providing they have less than £6,000 in savings/capital and their income and/or earnings are sufficiently low.

In any case a person will normally only be entitled to Council Tax Support if they make a claim for it.

If someone is under the Qualifying Age for Pension Credit (QAPC) then, subject to any non-dependant deduction, the maximum amount of Council Tax Support they may get will be:

- 78% of the overall banded amount; or
- 88% of the overall banded amount if they are single, aged under 25, and they have no dependent children.

The 88% maximum award of Council Tax Support would also apply in cases where a person (and/or their partner) get Personal Independence Payment (PIP) daily living component at the enhanced rate or Disability Living Allowance (DLA) care component at the high rate or they are entitled to 'Enhanced Disability Premium' for a disabled child.

If a person is over the QAPC then, subject to any non-dependant deduction, they could get up to 100% Council Tax Support unless they are getting UC/JSA(IB)/ESA(IR)/IS in which case it would be 78%.

However, the maximum would be 88%, not 78%, if they (or their partner) get Attendance Allowance at the higher rate, Personal Independence Payment (PIP) daily living component at the enhanced rate or Disability Living Allowance (DLA) care component at the high rate.

The **Second Adult Rebate** scheme operates only for people who:

- have reached the QAPC; and
- who are unable to qualify for a Status Discount because they have a second adult living with them who is not their partner; and
- who are unable to get Council Tax Support due to their level of savings and/or income.

Under Second Adult Rebate a person may qualify for a rebate of 25% if all of the 'Second Adults' get UC/ESA(IR)/JSA(IB)/IS/PC or a combination of these. If this does not apply, then they may qualify for a rebate of 12.5% if all the Second Adult's combined gross income (disregarding any UC/ESA(IR)/JSA(IB)/IS/PC) is less than £201.00 per week. If the Second Adult's gross income is greater than this (disregarding any UC/ESA(IR)/JSA(IB)/IS/PC) but less than £260.00 per week then they will be entitled to a rebate of 7.5%. However, if the person who is responsible for the council tax does not qualify for the 25% rebate and the gross income of all the Second Adults in the property is greater than £260.00 per week then they will not qualify for any Second Adult Rebate.

If you would like to find out more about the operation of the Council Tax Support and Second Adult Rebate schemes in Wolverhampton and make a claim then please click on the following link:

[Wolverhampton Council Tax Support](#)

Council Tax

4. Support for Tenants...

Tenants are still responsible for paying their rent during the Coronavirus pandemic period and the advice is that tenants who are experiencing financial difficulties during this period should:

- at least pay what they feel they can afford
- get advice about what benefits (e.g. Universal Credit) they might be able to apply for at the present time.

Any tenants who are experiencing financial hardship who are currently getting:

- Universal Credit (which includes an award towards their rent); or
- Housing Benefit

may approach the Council to see if they may be eligible for a Discretionary Housing Payment (DHP). These payments are designed to help people who are experiencing financial hardship. Whilst there is not sufficient funding to help everyone and any DHP award is usually given for a time limited period only, it can be worth applying for. A person can talk to the Council's **Customer Services** on **01902 551166** about making an application for a DHP.

If the tenant (and/or their partner) normally works or are self-employed then they should see if they can take advantage of the government's Coronavirus Job Retention Scheme (as a furloughed worker) or the Coronavirus (COVID-19) Self-employment Income Support Scheme.

See our Benefits Bulletin Issue 1.1 2020 (Dated 27th March 2020) for more information.

Moreover, the government announced that from **26th March 2020** landlords will have to give people at least 3 months' notice if they intend to seek possession/serve notice that they want to end the tenancy/evict them.

This means that a landlord may not apply to start court proceedings until after this period. This extended 'buffer period' will apply until **30th September 2020**. Both the 3 month notice period and the buffer period could be extended in future depending on how the pandemic unravels. This protection covers most types of tenants in the private and social rented sectors. If after the 3 month period the tenant has not moved out a landlord will still need to apply to the courts in order to proceed with any repossession/eviction.



Furthermore, it was announced that from **27th March 2020** the court service would suspend all ongoing housing possession action. This means that neither cases currently in the system nor any about to go into it can progress to the stage where someone could be evicted.

As part of the overall package of measures designed to help tenants the government also significantly increased the levels of the **Local Housing Allowance** awarded to private tenants getting Universal Credit or Housing Benefit from 1st April 2020.

The Wolverhampton rates are now:

Number of Rooms	Weekly	Monthly
Shared Room	£60.18	£261.50
1 Bedroom	£91.82	£398.98
2 Bedroom	£117.37	£510.00
3 Bedroom	£136.93	£594.99
4 Bedroom	£172.60	£749.99

This means that those tenants whose rent was greater than the former Local Housing Allowance rates will be better off.

It means that they will either not have to bridge the gap between their rent and the amount of Universal Credit (housing cost element)/ Housing Benefit or if there is still a gap it will be smaller than it would otherwise be.

The government has produced a detailed and very helpful 'Coronavirus (COVID-19) Guidance for Landlords and Tenants' booklet. You can access the booklet from this link:

[Coronavirus Information for Landlords and Tenants](#)

Anyone who is worried about being made homeless due to rent arrears may contact the Citizens Advice Helpline on **07850 209 529** or by email.



The email address is:

debtadvice@wolverhamptoncitizensadvice.com

5. Covid-19 and Impact on Benefit Appeal Hearings

We have now been advised that moving forward Her Majesty's Courts and Tribunal Service (HMCTS) is going to seek to replace face-to-face type hearings with telephone or video link hearings (called a 'remote hearing') where practicable.

Under the rules governing Social Security benefit appeals, an appellant has the option to have their appeal considered by a First-tier Tribunal with or without a hearing. With a hearing means that the appellant gets to attend a hearing (with or without a representative), meet the tribunal members, present evidence and make their case. If an appellant opts not to have a hearing, then the appeal is heard behind closed doors upon the paperwork and information already submitted.



The Covid-19 pandemic has had an enormous impact on Social Security benefit appeals. This is because oral hearings have had to be postponed due to the government's advice on social distancing.

Rule 1(3) of the Tribunal Procedure Rules (First-tier Tribunals) (Social Entitlement Chamber) 2008 (Statutory Instrument 2008 No. 2685) confirms that an appeal hearing can be conducted in 'whole or in part by video link, telephone or other means of instantaneous two-way electronic communication'.

HMCTS has advised that in the Midlands Region, Tribunal Judges will be 'triaging or previewing' appeals to ensure that 'all, but particularly the most urgent cases' are dealt with by a tribunal in the 'most effective and efficient way'.

Furthermore, we have been advised that because of the crisis, the Senior President of Tribunals has within their powers issued a new 'Pilot Practice Direction' (19th March 2020) relaxing the procedures relating to the constitution of the First-tier Tribunal. Therefore, in some cases the constitution of the tribunal may differ.

Normally, in cases involving:

- Personal Independence Payment (PIP), Disability Living Allowance (DLA) and Attendance Allowance (AA), a First-tier Tribunal would consist of a Judge, a Doctor and a Disabled Member, that is to say someone who has knowledge or experience of disablement issues
- Employment and Support Allowance or Universal Credit and the Work Capability Assessment (WCA), a First-tier Tribunal would consist of a Judge and a Doctor.

In most other cases the First-tier Tribunal would consist of a Judge sitting alone.

It may now be that in some PIP, DLA, AA and WCA cases, a Judge sitting alone will, having studied the case and available evidence, make a 'provisional decision' in the absence of the appellant or representative.

Once notified of the provisional decision, the appellant or the DWP (as the parties to the appeal) will be given an opportunity of consenting to or objecting to the outcome.

HMCTS has advised that in cases which it is considered 'must' proceed to a remote hearing the appellant will have the opportunity to continue to be represented. In order to achieve this, where there is a named representative individual or representative body, the Administrative Support Centre (now called the Regional Processing Centre) will seek to contact them to alert them to the fact that the appeal has been listed and to obtain their telephone contact details to enable the remote appeal hearing to proceed when scheduled.

Anyone who thinks that they have been adversely affected by these new measures should contact the Benefits Helpline. The contact details may be found on the front page of this Benefits Bulletin.

6. Covid-19 and Tax Credits...

An award of tax credits can consist of Child Tax Credit and/or Working Tax Credit. People may be paid:

- **Child Tax Credit** because they have a child(ren) and have a low income; and/or
- **Working Tax Credit** because they are in 'remunerative work' either as a paid employee or self-employed.

The principle of entitlement is that the lower a person's assessed income, the greater the amount of tax credits that can be awarded. Further, in the case of Working Tax Credits, if a person's hours of work were to reduce or were they to cease working altogether then any entitlement to Working Tax Credits could be lost.

Therefore, it is clear that the current Coronavirus pandemic can have a significant impact on a person's tax credit payments.

This is because a person's overall family income may have reduced and/or the work that was being done to secure Working Tax Credits has ceased.



The following is meant to provide a guide to what people who are getting tax credits should do if their financial circumstances or work situation changes.

Child Tax Credit:

A person can continue to get Child Tax Credit for as long as they continue to meet the basic conditions for payment. That is to say that they have a child/young person for whom they are responsible, and their assessed income is sufficiently low to qualify.

Working Tax Credit:

Depending on individual circumstances, to be entitled to Working Tax Credit a person and/or their partner must be considered to be in 'remunerative work'. That is to say that they work at least 16/24/30 hours per week in expectation of payment for that work or, in the case of self-employment, they work on a commercial basis for a profit. However, a person can be treated as though they continue to be in 'remunerative work' during a temporary break in working a period when perhaps that are not working or working a reduced number of hours.

Self-isolating or Sickness: Where a person is off work because they:

- are self-isolating; or
- have Coronavirus; or
- are caring for a child who is self-isolating or infected with the Coronavirus,

then they can continue to qualify for Working Tax Credit for up to **28 weeks** providing that, for example, during that period they:

- are getting Statutory Sick Pay as an employed person
- would be entitled to Statutory Sick Pay but for the fact that they are self-employed
- are getting Employment and Support Allowance.

Reduced hours: If a person is working but they have seen the number of hours they work reduced temporarily (or their work has been ended temporarily) then HMRC has said that they will continue to treat them as though they are working their normal number of hours for at least 8 weeks. Therefore, there will be no loss of entitlement to Working Tax Credit during this period.

Job ended: If a person's job has ended perhaps because a person has been made redundant or their company has entered into liquidation, then they will no longer be able to meet the 'remunerative work' rule (unless they have a partner who does work and meets this rule) and so will lose their ability to get Working Tax Credit.

In such a situation, whereby entitlement to Working Tax Credit is lost because they may no longer be treated as though they are in 'remunerative work', Working Tax Credit can continue to be paid for a 4 week period. This period is known as the 'run-on'.



Furloughed Workers: Further guidance on the treatment of furloughed workers (i.e. a worker who is unable to work but is kept on a company's payroll) is expected shortly.

In the meantime it is understood that HMRC has agreed to treat furloughed workers as continuing to be in 'remunerative work' for at least 8 weeks. Therefore, furloughed workers should at least be able to continue to receive Working Tax Credit for this period.

Moreover, it could continue beyond this point if a person was able to successfully argue that they had not actually 'ceased work' - their contract of employment remains current.

Self-employment: Further guidance on the treatment of self-employed workers is expected shortly. In the meantime, it is understood that HMRC is prepared to accept that a self-employed person continues to be in 'remunerative work' for a period of 8 weeks even if in practice they are not working due to the Coronavirus pandemic. Beyond this, it is possible to argue that a self-employed individual continues to be in 'remunerative work' where they continue to be involved in activities relevant to their business. For example, they undertake work which may be costed to a client and/or necessary to the operation of their business such as making trips to wholesalers and retailers, visits to potential clients, time spent on advertising or canvassing, cleaning the business premises, cleaning a vehicle used as part of the business, book-keeping, research work, etc. [See R(FIS) 6/85]



Childcare: A person can continue to get help with their childcare costs whilst they (and their partner) continue to be treated as though they are working. Payment of the 'Childcare Element' can continue to be awarded even though, in effect, a person has stopped paying for it as long as this is for less than four weeks.

The amount of the 'childcare element' only changes if a person's average weekly childcare costs change by at least £10 a week for four weeks in a row. Therefore, if a person has stopped paying for childcare, they will continue to be entitled to the awarded childcare amount for at least up to four weeks. It is understood that HMRC has committed to continue to award the childcare element if, in order to maintain a place with a particular childcare provider, a person continues to pay for childcare even though it is not being provided (e.g. because the parent or child are self-isolating). However, an update on this guidance is expected shortly.

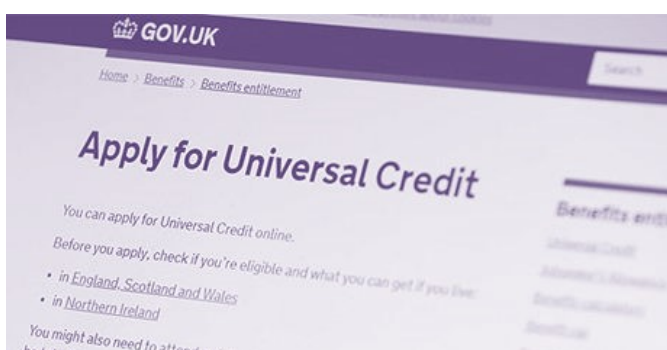


Reduction in Income: Entitlement to an award of tax credits is ultimately decided upon reference to a person's (and their partner's) income.

The principle is that the greater a person's income, the less tax credits they will be paid. If a person's income is predicted to fall in 2020/2021 compared to that of 2019/2020 then they can contact HMRC and ask them to review their current tax credit payments.

A person can contact HMRC through the Tax Credits Helpline (Telephone: 0345 300 3900) to report changes in their work status. They can also use the Tax Credits Helpline to report changes in their financial circumstances. Alternatively, they can click on the following link and report any changes online.

[Manage Your Tax Credit Account](#)



IMPORTANT Tax Credits v Universal Credit

If a person loses their ability to continue to get tax credits, more specifically Working Tax Credits, because of a change in their employment status (i.e. they cease to be in 'remunerative work' or ceased to be self-employed) then they should consider making an application for Universal Credit.

Indeed, a person may, in any event, explore the possibility of switching from tax credits to Universal Credit. This is because they might find themselves financially 'better off' under Universal Credit than tax credits. This can sometimes be the case because within the calculation of Universal Credit, for some groups of claimants (e.g. families and disabled people), there is a significant disregard on earnings and an allowance built in to the equation to help with rent payments.

However, please be aware that not everyone will be 'better off' under Universal Credit - all will depend on individual circumstances.

For example, it is important to be aware that a person cannot get Universal Credit if they have more than £16,000 in savings/capital (excluding the value of their home). Whereas, tax credits has no real savings/capital rule. Further, those who are self-employed should know that under Universal Credit there is a Minimum Income Floor (MIF) provision. Whilst the operation of this is currently suspended due to Covid-19, under the MIF most long-term self-employed people are treated as having an income of at least £1,250 per month, even if their business is not that profitable. The MIF is designed to encourage those in failing businesses to find paid employment. There is no equivalent provision within the tax credit system.

Universal Credit is set to eventually replace both Child Tax Credit and Working Tax Credit. Those people who are currently getting tax credits will be invited to make a claim for Universal Credit at some point in the future under a system known as 'managed migration', with the intention being that tax credits will no longer exist after 2023.

Anyone who is presently getting tax credits but whose claim is affected by Covid-19 and wishes to find out more about Universal Credit can ring the Benefits Helpline. The helpline operators will not necessarily be able to give definitive 'better off' information because in some cases there will be lots of different permutations and information to consider. However, they will be able to explain the operation of Universal Credit and the key differences between the two systems. They should also, at least, be able to give people an indicative figure of their potential Universal Credit entitlement. The contact details of the Benefits Helpline may be found on the front page of this Benefits Bulletin.

Recovery of Benefit and Tax Credit Overpayments and Loans:

As part of their response to Covid-19, both the DWP and HMRC have temporarily suspended making deductions from benefit for the recovery of Universal Credit and legacy benefit overpayments, Social Fund loans and Tax Credit debts. They have confirmed that the 'majority of deductions will be suspended automatically', but that if someone is making repayments through, for example, a Standing Order then they will need to contact their e.g. bank or building society to cancel the arrangement. Therefore, people who have been repaying DWP/HMRC debts should see an increase in the amount of benefit that is paid to them.

The recovery of Universal Credit Advance Payments has not been included in this measure. An Advance Payment is a payment that is made when a person has no (or little) money at the start of their Universal Credit claim. It is meant to help them with the costs associated with day-to-day living and rent payments, if the person is living in rented accommodation. The Advance Payment has then to be repaid from any future Universal Credit payments.

Welfare Rights Service
Specialist Support Team
City of Wolverhampton Council
WRS@wolverhampton.gov.uk