

Assessing Income

What is income?

1. Income is not defined by law. It can normally be separated from capital because a payment of income:
 - forms part of a series of payments, whether or not they are made regularly; or
 - is made for a period of time; or
 - satisfies both of the above.

What is 'income other than earnings'?

2. Income other than earnings covers all income **except**:
 - wages or final payments from an employer;
 - benefits;
 - tariff income;
 - earnings from self-employment.

What is notional income?

3. A person may be treated as having income that is actually not received. This type of income is known as notional income and it may take a number of different forms:
 - income the claimant or partner has deprived themselves of;
 - income the claimant or partner deprived themselves of for a previous claim to:
 - Income Support; or
 - Employment and Support Allowance,where the claimant or their partner is moving directly from that benefit on to JSA;
 - income available on application;
 - income due but not yet paid;
 - income for a member of the family paid to a third party;
 - income for a third party made to a member of the family;
 - income for a child or young person attending a boarding school.
4. Where a claimant may be entitled to but has not claimed income or a relevant benefit which would affect their entitlement to JSA, they must be advised to do so. If they refuse, then the income may be considered as a notional income provided it can be shown beyond doubt that the claim would have succeeded.
5. Notional income is calculated on the amount the claimant would get if they received the available income. This is converted into a weekly amount and treated in the same way as actual income, including the application of any appropriate disregards.

Types of income not to be treated as notional income available on application

6. Notional income available on application does not include:
 - income payable under a discretionary trust fund
 - income from a trust set up using money paid because of a personal injury
 - Income Support
 - Working Tax Credit

- Child Tax Credit
- payments from a personal pension, occupational pension, retirement annuity contract, or the Pension Protection Fund when the person is under the age at which they can get Pension Credit
- an award of damages for personal injury which is administered by the court
- a rehabilitation allowance made under specified legislation

See, Decision Makers Guide, Volume 5, Chapter 28 - Income other than earnings, 'Notional income' and 'Income available on application' and JSA Procedural Guidance chapter Current Work.

Income that affects JSA

JSA (C) claims

7. In a claim for JSA (C), only the income of the claimant should be considered.
8. The only income other than earnings that affects JSA (C) is the claimant's occupational or personal pension. This does not include any pension received as a result of the death of a partner.

JSA Joint claims

9. Income affects joint claims in the same way as JSA (IB) claims, however the following types of income do not apply to joint claims:
 - child maintenance payments (claimant/partner);
 - child maintenance payments (DWP);
 - Contribution to Maintenance Payments (DWP);
 - child's earnings income.

16-19 Bursary Fund

10. A new bursary scheme, the 16-19 Bursary Fund has replaced the Educational Maintenance Allowance (EMA) in England. EMA remains in Scotland and Wales. If the 16-19 Bursary Fund or EMA is paid to a claimant who is part of a Joint Claim then they must apply for an exemption. Payments from the 16-19 Bursary Fund/EMA are fully disregarded.
11. If the claimant or partner is receiving Child Benefit for a child/young person then a joint claim is not applicable.

JSA (IB) claims

12. In a claim for JSA (IB), consider the income of:
 - the claimant;
 - the partner;
 - all members of the household if the claimant or partner is married polygamously;
 - any child or young person who is part of the claimant's family, until responsibility for the child has been transferred to Her Majesty's Revenue and Customs (HMRC), under Child Tax Credit regulations.
13. All income is treated as income belonging to the claimant.
14. The incomes that affect JSA (IB) and their applicable disregards are outlined below:

Applicable disregards for JSA (IB)	Income
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Fully disregarded	Educational Maintenance Allowance (Scotland)
	The 16-19 Bursary Fund
	Child Maintenance
	Gallantry awards
	Child Tax Credit
	Income in kind
	Fostering payments (excluding private arrangements)
	Higher Education Bursary for Care Leavers
	Teacher Repayment Loan Scheme
	Charitable payment - lump sum
	Charitable payment – regular See DMG Vol 5 Chapter 28350 onwards for details of the charitable payments that are fully disregarded.
	Direct Payments for Health Care
	Note: See also Health in Pregnancy Grant when disregarding capital
See, Decision Makers Guide, Volume 5, Chapter 28 (28306-28349) - Income fully disregarded.	
Partial disregard	Capital paid in instalments
	Creditor Insurance payments
	Income due but not yet paid
	Liable relative payments
	Mortgage Payment Protection Insurance payments
	Notional income
	Payments for jurors or witnesses <ul style="list-style-type: none"> costs of travel, meals or Social Security contributions; loss of earnings or benefits
	Payments of income to third parties
	Trust fund income
	Adoption allowances
	Career development loans
	National Socialist Persecution
	Personal injury award
	Child's earnings income
	Employers sick pay
	Iron and Steel Readaptation Benefit Scheme
	Boarders or sub tenants payments
See, Decision Makers Guide, Volume 5, Chapter 28 - Income with partial disregards	
Taken fully into account	Spousal maintenance
	Income from Annuities

	Concessionary coal and cash in lieu
	Local Authority payments
	Occupational pension
	Payments for attending court
	Personal pension
	Redundant Mineworker's Pension Scheme
	Working Tax Credit
	Working Tax Credit Run-On
	Civil list pension
See, Decision Makers Guide, Volume 5, Chapter 28 - Income taken fully into account	
Treat as voluntary payment	Payments from voluntary work
See, Decision Makers Guide, Volume 5, Chapter 28 - Charitable and voluntary payments	
Special rules apply to student income	Student income

Subletting

15. Subletting is when a claimant lets out part of their home to another person or people in return for rent. People living in the claimant's home under such arrangements are called 'subtenants'.
16. Where a claimant sublets part of the home to another person gather the following information:
 - The name of the person who pays the rent
 - Who the rent is paid to
 - The amount of rent
 - The frequency of the rent payments
 - The date of the payment
 - Whether the money includes payment for heating or meals.
17. When the claimant provides the information:
 - add together all payments made for the week by that subtenant and/or a member of the subtenants family, and
 - disregard
 - ~ £20.00 or
 - ~ the whole of the amount paid where the total is less than £20.00.
18. The disregard applies separately to each subtenant.
19. See DMG chapter 28 for more detailed guidance and examples.

Establish the amount and period of the payment

20. To calculate the amount of income to be taken into account:

Step	Action
1	establish the actual amount of the payment; <ul style="list-style-type: none"> • take into account the gross amount of any income: <ul style="list-style-type: none"> • when calculating gross income disregard tax actually paid, no further disregards should be made for other expenses or deductions;
2	establish the period for which the payment is made;

3	establish the weekly income: <ul style="list-style-type: none"> • if the payment is for a week or less the weekly amount will be the amount of the payment; • if the payment is for more than a week convert the payment to a weekly amount; See, Decision Maker's Guide, Volume 5, Chapter 25 - calculation of weekly amount
4	consider averaging the weekly income if the income varies: <ul style="list-style-type: none"> • average the income over a period of 5 weeks or another period if this means a more accurate weekly amount can be calculated;
5	consider rounding any fractions: <ul style="list-style-type: none"> • where the calculation results in a fraction of a penny, the amount should be rounded to a penny, either up or down, whichever is to the claimant's advantage; • if there is more than one calculation, each fraction should be rounded to the claimant's advantage.

Board and Lodging

21. Board and Lodging (BL) is when a claimant provides accommodation within their home for a charge, this can be for more than one person and include some cooked or prepared meals.

22. Accommodation provided by a close relative or any other member of the family should not be treated as BL accommodation.

Income from Boarders

23. Where claimants provide BL accommodation within their home:

Step	Action
1	Add together all the payments made for BL for the week
2	Calculate how much BL income belongs to the claimant (i.e. if the claimant is in partnership only a share of the total payments will be the claimants)
3	Deduct £20 and
4	Deduct 50% of any excess over £20 for each person for whom BL is provided.

24. See DMG chapter 28 for more detailed guidance and examples.

What is attribution of income?

25. In a JSA assessment, attribution is the process of deciding the correct:

- period over which income is taken into account; and
- amount of income to take into account.

What is a disregard?

26. A disregard is a sum of money that is not taken into account when calculating a claimant's income.

27. Other income for JSA can be:

- taken fully into account;
- partially disregarded;
- fully disregarded.

28. The way income that is partially disregarded should be treated depends on the type of income. Full details for each type of income are shown in the Decision Makers Guide.

See, Decision Makers Guide, Volume 5, Chapter 28 - Income other than earnings

How to apply disregards

29. To apply a disregard, take the action applicable to the type of case being processed.

30. For system maintained cases:

Step	Action
1	access dialogue JA091: Maintain Claim Details;
2	input full weekly amount of payment in screen JA091015 OTHER INCOME;
3	JSAPS will apply the correct disregard automatically based on the income type code used.

31. For clerically maintained cases:

Step	Action
1	record the full weekly amount of the payment on the JSA14A;
2	note the correct disregard amount in the disregard column;
3	record net amount to be taken into account.

How to attribute income

32. Once any disregard has been applied to the income, the period for which the income is to be taken into account will need to be decided.

System maintained cases

33. For system maintained cases:

Step	Action
1	calculate the period of attribution clerically; Note: For attribution of student income see also: Changes to Attribution of loan income when a student abandons or is dismissed from their course
2	access dialogue JA091: Maintain Claim Details;
3	input full weekly amount in screen JA091015 OTHER INCOME;
4	JSAPS will calculate any period of attribution once the correct dates have been input from the clerical calculation.

34. For clerical cases it is necessary to calculate the period of attribution.

Calculating the period of attribution clerically

35. To calculate the period over which any income is to be taken into account:

Step	Action
1	establish the claimant's date of claim;
2	establish the first day of the claimants benefit week; See, Decision Makers Guide, Volume 5 Chapter 25 - General Rules, Meaning of benefit week

3	<p>establish the date that income is due to be paid;</p> <ul style="list-style-type: none"> • correct attribution depends on the date the income is due to be paid, not the date it is paid. <p>See, Decision Makers Guide, Volume 5, Chapter 25 - General Rules Date on which income is due to be paid</p> <p>Note: For student cases see also Changes to Attribution of loan income when a student abandons or is dismissed from their course</p>
4	<p>establish the day the income is treated as paid;</p> <ul style="list-style-type: none"> • if income is due before the first day of the benefit week: <ul style="list-style-type: none"> • treat the income as being paid on the due date; • if the income is due on or after the first day of the benefit week: <ul style="list-style-type: none"> • treat the income as being paid on the first day of the benefit week in which it was due; <p>See, Decision Makers Guide, Volume 5, Chapter 25 - General Rules Date on which income is treated as paid</p>
5	<p>establish either:</p> <ul style="list-style-type: none"> • the period for which the payment is made; • the amount of: <ul style="list-style-type: none"> • JSA that would be payable without the income; and • any disregard would normally be made on the weekly amount of the income; <p>See, Decision Makers Guide, Volume 5, Chapter 25 - General Rules Period for which payment is made</p>
6	<p>the amount of weekly income taken into account in a benefit week should be restricted where an income:</p> <ul style="list-style-type: none"> • is or has been paid regularly; and • two payments from the same source and of the same kind would be taken into account in the same benefit week; <p>See, Decision Makers Guide, Volume 5, Chapter 25 - General rules, Modifying the amount taken into account</p>
7	<p>record on form JSA14A, for the appropriate period of attribution, the:</p> <ul style="list-style-type: none"> • weekly amount of the payment; • any applicable disregard; • the net amount of the payment.

Creditor insurance payments

36. Creditor insurance payments are disregarded for JSA (IB) provided the payment is made directly to the claimant and the amount received does not exceed the amount (calculated on a weekly basis) used for:

- repayment of the debt;
- any associated insurance premium.

37. When verification of the creditor insurance payment is received:

Step	Action
1	establish the weekly amount received;
2	calculate: <ul style="list-style-type: none"> the weekly amount used for allowable expenditure; the repayment of the debt; any associated insurance premium; Note: Actual expenditure must be verified.
3	calculate any excess income from the payment by deducting the allowed expenditure from the payment received;
4	if there is: <ul style="list-style-type: none"> no excess income apply a full disregard; excess income apply a partial disregard equal to the amount of the allowed expenditure;
5	record information on: JSAPS or form JSA14A; dialogue JA110: Maintain Notepad or form A6, including calculation of weekly figure to be taken into account (if any).

See, Decision Makers Guide, Volume 5, Chapter 28 - Income with partial disregards.

Income from occupational/personal pensions

38. For JSA purposes the following incomes are treated as occupational/personal pensions:

- under personal pension scheme; or
- in connection with the ending of the person's employment under an occupational pension scheme or a public service pension scheme.

Occupational pension scheme

39. An occupational pension scheme is any scheme or arrangement that provides benefits payable on termination of service, death or retirement.

Public service pension scheme

40. A public service pension scheme is an occupational pension scheme that is established under legislation or with the government's approval.

41. Public service pension schemes may include pension schemes for:

- civil servants;
- local government employees;
- teachers;
- armed forces;
- police officers.

Personal pension scheme

42. Personal pensions are those:

- for employed earners;
- under a contract or trust scheme;
- for self employed earners.

Claimant has a court ordered deduction to an ex-partner from their Workplace Pension

43. Where an income is paid over to an ex-partner by means of the terms of a court order then that income is not treated as the income of the claimant.

Any pension paid over to an ex-wife by means of court order is not treated as pension income belonging to the claimant and is ignored in the calculation of benefit. See DMG Volume 5 Chapter 28655.

Single Status Payments

What is a Single Status payment

44. A single status payment is a payment which is made to compensate a person for past pay inequalities.

Affect of Single Status payments on JSA

45. These payments are treated as earnings and are taken into account as income for the claimant and/or partner.
46. Any payment received is attributed from the first day of the benefit week in which it is due to be paid.
47. The period of attribution depends on each individual payment.
48. If the period can be identified take the payment into account for a period equal to the length of the period that the payment represents.
49. If the period in respect of the payment is unclear see DMG Volume 5 Chapter 25 to calculate the attribution period.

Drawdown Income

What is Drawdown Income

50. This is a facility that allows a person aged between 50 and 75 to defer the purchase of their pension from an Insurance Company. An income is drawn from the fund, and the remaining amount remains invested.
51. The maximum income that may be drawn is 120% of the pension that could have been purchased calculated using Government Actuary rates. There is no minimum. The claimant can take payments as and when they require.

Treatment of Drawdown Income

The payments are not the same as occupation or personal pension payments because, although they originate from a pension scheme, they are not periodical payments and would not affect payments of contributory Jobseekers Allowance JSA (C).

52. For JSA (IB) purposes they would be treated as Capital

53. If the claimant chooses to receive payments at regular intervals, i.e. monthly, quarterly then the payments are treated as an occupational or personal pension payment.

54. Until an annuity is purchased, the claimant is the owner of the funds and the value of the pension is treated as capital.

Verification received

55. When you receive verification, record the details on JSAPS. Entitlement to JSA(C) is not affected by the amount of capital a claimant or their partner/dependants have.

56. The remainder of the pension fund, once an annuity is purchased is treated as Income other than earnings and fully taken into account for JSA (IB) purposes.

Financial Assistance Scheme

57. Financial Assistance Scheme offers help to some people who have lost out on their defined benefit (final salary) occupational pension scheme because their scheme was under funded when it started to wind up. It is aimed at pension schemes that wound up between 1 Jan 1997 and 5 April 2005.

Pension Protection Fund

58. The Pension Protection Fund is a scheme set up to compensate members of eligible defined benefit (final salary) schemes whose employers have become insolvent leaving the pension scheme unable to meet its liabilities.

See, Decision Maker's Guide, Volume 4, Chapter 23 - Normal amount payable.

Treatment of occupational/personal pensions/Financial Assistance Scheme and Pension Protection Fund payments

59. Pensions affect JSA from the first day of the benefit week in which the payment is made.
60. If a claimant receives more than one pension, the total weekly amount is all the pensions added together.
- Note:** Pensions should be recorded individually on the system and weekly amounts calculated for individual pensions.
61. The way this type of income is treated depends on which components of JSA are applicable:
- JSA (C);
 - JSA (IB).

JSA (C) claimed

62. If the claimant is claiming JSA (C) and a pension exceeding £50 per week is payable, the amount of JSA (C) they receive is reduced by 1p for every 1p that the gross pension exceeds £50:
- pensions paid to the claimant for periods working abroad or for a foreign company affect the amount of JSA (C) payable, if the pension exceeds £50 per week;
 - if the pension is paid in other than United Kingdom (UK) currency, refer the claim to the Decision Maker to convert the amount into UK currency and calculate the weekly amount of the pension.
 - payments made under the Financial Assistance Scheme and Pension Protection Fund should be taken into account on JSA(C) from 6 April 2006.
63. The claimant's entitlement to JSA (C) is not affected by:
- pensions which were previously paid to their spouse(s);
 - pensions paid to their partner or dependants.
64. To record an occupational pension on JSAPS or clerically, consider whether the claimant has claimed:
- JSA (C) only;
 - JSA (C) and JSA (IB).

JSA (IB) claimed

65. If the claimant has claimed JSA (IB) and a pension is payable to themselves and or their partner, reduce the amount of JSA (IB) by the net pension amount:

- the net pension amount is the amount of pension after deductions for tax;
- in a polygamous marriage, if the claimant has more than one partner receiving a pension, only enter the details of the first partner. Treat any pensions received by any other members of the household as other income.

66. To record occupational pension on JSAPS or clerically, consider whether the claimant has claimed:

- JSA (IB) only;
- JSA (C) and JSA (IB).

Recording occupational pensions on JSA (C) case

67. To record occupational pensions for system cases:

Step	Action
1	access dialogue JA091: Maintain Claim Details;
2	in screen JA091008: OCCUPATIONAL/PERSONAL PENSION DETAILS;
3	input the gross amount of the claimant's pension in the Person No. 1 field.

68. To record occupational pensions for clerical cases:

Step	Action
1	assess the claim using the JSA14A entering the pension details as income;
2	if the claimant's pension exceeds £50 per week, deduct 1p from the amount of JSA (C) payable for every 1p over £50 that the claimant receives from the pension;
3	if JSA (C) is extinguished consider inviting a claim for JSA (IB).

Recording occupational pensions on cases for JSA (C) and JSA (IB)

69. To record occupational pensions for system cases:

Step	Action
1	access dialogue JA091: Maintain Claim Details;
2	in screen JA091008: OCCUPATIONAL/PERSONAL PENSION DETAILS;
3	input the gross and the net amount of the claimant's pension in the Person No. 1 field input the gross and the net amount of the partner's pension in the Person No. 2 field.

70. To record occupational pensions for clerical cases:

Step	Action
1	assess the claim using the JSA14A entering the pension details as income;
2	if the claimant's pension exceeds £50 per week, deduct 1p from

	the amount of JSA (C) payable for every 1p over £50 that the claimant receives from the pension;
3	any residual pension, including the £50 disregarded in the above JSA (C) calculation, should have deducted 1p from the amount of JSA (IB) payable for every 1p residual pension;
4	if the pension is in payment to the partner the full amount of the pension is taken into account against JSA (IB) only, at 1p of pension per 1p of JSA (IB);
5	pension may extinguish JSA (C) and/or JSA (IB).

Recording occupational pensions on cases for JSA (IB) cases

71. To record occupational pensions for system cases:

Step	Action
1	access dialogue JA091: Maintain Claim Details;
2	in screen JA091008: OCCUPATIONAL/PERSONAL PENION DETAILS;
3	input the gross and the net amount of the claimant's pension in the Person No. 1 field input the gross and the net amount of the partner's pension in the Person No. 2 field.

72. To record occupational pensions for clerical cases:

Step	Action
1	assess the claim using the JSA14A entering the pension details as income;
2	the claimant's/partner's pension should be deducted at 1p from the amount of JSA (IB) payable for every 1p of the pension;
3	pension may extinguish JSA (IB).

Income from personal injury awards

73. The way income that is derived from a personal injury is treated depends on how the income is received.

Income from a Personal Injury Trust Fund

74. All payments of income received from trusts whose funds are derived from a personal injury award, will be fully disregarded unless the payment or part of the payment is intended and used for any of the following items:

- food, ordinary clothing or footwear, household fuel;
- rent covered by Housing Benefit;
- housing costs covered by benefit;
- care home fees met by benefit under community care arrangements;
- Council Tax or water charges for which the claimant or a member of their family is liable.

75. If the payment or part of the payment is intended and used for any of the listed items, it is given a £20 disregard. The disregard is, however, subject to the over-riding £20 disregard maximum.

Income from structured settlements

76. A structured settlement can include a lump sum and an annuity:

- the lump sum will be treated as capital, the same as any other lump sum;

- the annuity will be treated in the same way as income from a Personal Injury Trust Fund.

Income in Court of Protection cases

77. The income received from an award held under the control of the court is treated as capital.

Income from Armed Forces Compensation Scheme (AFCS)

78. The Ministry of Defence (MoD) introduced the Armed Forces and Reserve Forces Compensation Scheme (AFCS) on 6 April 2005 for those who have suffered injuries, ill health or death due to service in the Armed or Reserve Forces **on or after 6 April 2005**.

Note: The AFCS runs in parallel with the War Pensions Scheme (WPS) which remains in place for existing beneficiaries of the scheme and for new claims where the cause of injury, illness or death is due to service **before 6 April 2005**.

Types of AFCS payments

79. Payments made under the AFCS fall into two categories:

- Lump Sum payments; and
- Regular Income Payments

Treatment of Lump Sum Payments

80. All lump sum payments made as a consequence of personal injury are automatically disregarded as capital for a maximum of 52 weeks across the Income Related Benefits from the date of receipt. This allows those awarded a lump sum PI payment time to decide what is best to do with the money to secure their long term future. Following the 52 week period if the claimant chooses to put the lump sum into a PI Trust Fund then the lump sum will continue to be disregarded as capital and any income derived from the trust should also be disregarded in full.

Treatment of Regular Income payments – JSA(C) claimed

81. For JSA(C) claimants, treat income received from the AFCS as an occupational pension, applying the standard £50 disregard.

82. See Recording Occupational Pension on a JSA(C) case, for instructions on inputting pension payments to JSAPS.

Treatment of Regular Income Payments – JSA(IB) claimed

In addition to a lump sum payment the claimant may get any of the following:

- **AFCS Guaranteed Income Payment (AFCS GIP).** This is a tax free annual award paid monthly to ex-service personnel. This payment attracts a £10 disregard for JSA(IB) purposes.
- **AFCS Survivor's Guaranteed Income Payment (AFCS SGIP).** A taxable annual award paid monthly to a surviving spouse, partner or civil partner. Each SGIP attracts a £10 disregard for JSA(IB).
- **AFCS Child's Payment (AFCS CP).** A taxable annual award paid monthly for the child/children of the deceased service person. It is paid to the surviving parent or guardian until the child reaches age 18. This payment only affects existing claims which include the child/children for whom the Child's Payment is payable and does not attract a disregard.

Note: It is possible for all three types of regular payments to be in payment at the same time. AFCS GIP and AFCS SGIP attract a separate £10 disregard.

These disregards count towards the overriding £20 limit to disregards. See DMG Volume 5 Chapter 28 paras 28150 and 28151.

Recording AFCS payments on JSAPS – JSA(IB)

83. See Assessing Income in the Jobseekers Allowance Procedural Guidance for instructions on how to input AFCS payments onto JSAPS.

Teacher Repayment Loan Scheme

84. Any income that is paid by the Department for Innovation, Universities and Skills (DIUS) directly to claimants in relation to the Teacher Repayment Loan Scheme should be fully disregarded.

Working Tax Credit

Summary

85. Working Tax Credit (WTC) is a payment for people who are working and on a low income. WTC is paid by HM Revenue & Customs (HMRC) directly into a bank or building society account.
86. Single people with or without children must work 16 hours or more on average each week.
87. Couples with children have to work at least 24 hours each week, subject to certain conditions. See WTC for couples with children.
88. JSA and WTC are not normally paid to the same family at the same time. The main exception to this is;
- during the WTC run-on period: when WTC is paid for 28 days following cessation of work (or reduction in hours to under 16 hours a week).
89. WTC is taken fully into account in the JSA assessment, except for the child care element which is disregarded. WTC which is paid incorrectly (after HMRC have been informed of the relevant change) is also disregarded.

About Working Tax Credit

What is WTC

90. WTC is part of the tax system. Payments are administered by HM Revenue & Customs (HMRC), for people who:
- are working (employed or self-employed), at least 16 hours a week
 - are at least 16 years of age
 - are part of a couple who work at least jointly 24 hours a week
 - usually live in the UK
 - qualify for this financial top up, due to low income.

WTC Eligibility for Couples with Children

91. Couples with children must work at least 24 hours a week between them, with one person working at least 16 hours week **or** one person must work 16 hours a week and be;
- aged 60 or over
 - entitled to the Disability Element **or**
 - one person needs to work at least 16 hours week if the other person is;
 - Incapacitated
 - An in-patient in hospital
 - In prison.
 - If only one of the couple works, that person must be working at least 24 hours each week.

92. WTC is income related, but non-taxable. Claimants may also qualify for help towards the costs of childcare and there are extra elements for working households in which someone has a disability.
93. WTC continues to be paid for 28 days after a claimant stops work or reduces working hours to less than 16 hours. See WTC run on.

Who can qualify for WTC

94. People with or without children may be eligible for WTC, however the rules differ for couples with children. Claims for WTC can be made by people who are employed or self-employed (either on their own or in partnership), who work for 16 hours or more each week and who are:
- single
 - married, or
 - living together as husband and wife/civil partnership
 - couples with children have to have work at least 24 hours (jointly) each week.
95. There are three different ways to qualify for WTC. These are being:
- responsible for a child
 - disabled
 - 25 or over and working 30 hours a week or more.

Responsible for a child

96. Single people aged 16 or over, who are responsible for a child or young person, can get WTC provided they work at least 16 hours a week and their income is low enough. Someone responsible for a child may be able to get Child Tax Credit as well as WTC.

Disabled

97. People aged 16 or over and disabled may get WTC provided they work at least 16 hours a week, their income is low enough and they receive or have received, within a prescribed period, one of the qualifying benefits, because of their disability.
98. The qualifying benefits include:
- Incapacity Benefit
 - Disability Living Allowance
 - Attendance Allowance
 - Industrial Injuries Disablement Benefit
 - Statutory Sick Pay
 - occupational sick pay
 - Income Support
 - National Insurance credits awarded because of inability to work.

Aged 25 or over and working 30 hours a week or more

99. People may get WTC if they are 25 or over and work 30 hours a week or more. Whether they qualify will depend on their income. They don't have to have a child in order to claim, but do have to work enough hours.

Aged 50 or over

100. When the 50-plus element ceased from 6 April 2012, the number of hours a person aged 50 or over must work have changed depending if they are responsible for a child or not.

If you are not responsible for children

101. If a person is not responsible for a child or children they **or** their partner must work at least;

- 30 hours a week
- 16 hours a week if;
 - they are aged 60 or over or
 - they are entitled to the 'disability element' of Working Tax Credit

If you're responsible for children

102. If a person is responsible for a child or children they will qualify for Working Tax Credit if either of the following applies;

- they are single and working at least 16 hours a week
- they are part of a couple, and meet the new hour's rules for couples.

How long is WTC paid?

103. Tax credits are awarded for a complete tax year. A tax year runs from 6 April to 5 April the following year. If someone claims after 6 April, their award will run from the date they claimed to the end of the tax year. If their circumstances change during the period of their award, they should tell HMRC as soon as possible, as their tax credit entitlement could be affected.

The WTC run on

104. The award of WTC continues for a further 28 days from the day after the claimant's work ends or their hours are reduced to below the 16 hour minimum for WTC.

105. WTC details including the amount and the end date can be obtained by viewing the claimant details on the Customer Information System (CIS).

How is WTC calculated?

106. WTC is calculated and awarded at a **daily** rate, the calculated daily amount of WTC is downloaded onto JSAPS.

107. There can be different elements to each WTC award, for example basic, couple and/or disability elements. See [Tax Credit Guidance, Eligibility and Entitlement, Working Tax Credit](#).

108. Each individual element is calculated at an annual rate, then divided by either 365 days or 366 days, for a leap year, to give the daily rate.

109. If the claimant claims WTC part-way through a tax year, the part year award is divided by the number of days from the date of award to the end of the tax year. This results in the daily rate payable.

110. Each individual element is calculated separately to get a daily rate and the elements are then added together to give the total daily rate.

How is WTC paid

111. WTC is paid weekly or four weekly, directly into a bank or building society account, or into a post office card account. Payments are made by HMRC.

112. If the claimant is part of a couple where both partners work, WTC is paid to the partner nominated to receive payment. WTC cannot be paid to a non-working partner.

113. Payment of the child care element of WTC will always be to the main carer, even when they are not the person in receipt of WTC, and will be paid by Direct Payment.

Who deals with WTC

114. A Tax Credit Helpline number is available to both claimants and Jobcentre Plus staff for general HMRC tax credit enquiries. Lines are open 8.00am to 8.00pm 7 days a week (except Christmas Day, Boxing Day, New Year's Day and Easter Sunday). The helpline numbers are:

- Tax credits Helpline – 0345 300 3900
- Text phone for people with hearing or speech difficulties - 0345 300 3909.

115. A Staff Priority Helpline number is available for Jobcentre Plus staff, [redacted]

How is WTC claimed

116. See Tax Credit Guidance, Making a tax credit claim which gives detailed information on the different ways in which a claim can be made.

How WTC affects JSA

117. If a claimant is receiving WTC, in most cases they are not entitled to JSA as they are in remunerative work (working at least 16 hours per week).

118. It is possible for households to be entitled to both JSA and WTC where:

- a partner works between 16 and 24 hours per week and they have no children. See WTC eligibility for couples with children.
- the claimant/partner is no longer attending their work, but is still treated as in Qualifying Remunerative Work (QRW), for WTC purposes, for up to 28 weeks. Tax Credit Guidance, Special Circumstances, Qualifying Remunerative Work
- the claimant or partner has stopped work but is receiving WTC during the 28 day run-on period.

119. If WTC is in payment to a JSA claimant or their partner, take it fully into account.

Attribution of WTC: New and repeat claims

120. If a claimant makes a new or repeat claim to JSA and them or their partner continue to receive WTC, take WTC into account in the same way as any other income. WTC payments are due to be paid each week throughout the WTC award period.

121. Obtain WTC details by viewing the claimant's records on the Customer Information System (CIS). CIS displays the net amount of WTC paid to the claimant and if appropriate the end date for WTC.

122. Do **not** take account of any WTC incorrectly paid. Treat WTC as incorrectly paid if:

- HMRC have been notified of the change, and
- payments of WTC have been paid for a period more than 28 days after the claimant or partner finished work.

123. HMRC are responsible for recovering any overpayments of WTC.

124. If WTC is in payment when JSA is claimed, take it into account from the first day of the claimants first benefit week (notional benefit week). If WTC is ending take it into account to the end of the JSA benefit week in which the WTC end date falls.

125. **Example 1**

Claimant in receipt of WTC finishes work Friday 22 April 2011 and claims JSA Monday 25 April 2011.

His BWE day is Wednesday.

His WTC award will continue up to 20 May 2011 (28 days after stopping work).

Take WTC into account from the first day of the claimant's first benefit week i.e. from 21 April 2011 (notional benefit week).

Take WTC into account up to the end of the benefit week in which the WTC award ends. This will be 25 May 2011, however for the last week 19-25 May only 2 days of WTC should be taken into account (19 & 20 May).

Input 2 days WTC in the total received screen and change the code to **2 (weekly)** do not complete the account amount.

126. **Example 2**

Claimant in receipt of WTC finishes work Wednesday 13 April 2011 and claims JSA Thursday 14 April 2011.

His BWE day is Tuesday.

His WTC award will continue up to 11 May 2011 (28 days after stopping work).

Take WTC into account from the first day of the claimant's first benefit week i.e. from 13 April 2011 (notional benefit week).

Take WTC into account up to the end of the benefit week in which the WTC award ends. This will be 17 May 2011, however for the last week 11-17 May only 1 day of WTC should be taken into account (11 May).

Input 1 day WTC in the total received screen and change the code to **2 (weekly)** do not complete the account amount.

127. If WTC continues to be paid beyond the last day of employment, as the claimant is classed as being in Qualifying Remunerative Work continue to take it into account until the end of the WTC award.

Attribution of WTC when JSA is already in payment

128. If WTC is awarded during a JSA award, for example, when a partner starts work between 16 and 24 hours per week, it must be taken into account in the benefit week in which the start date of WTC falls. WTC will be awarded from the date the person starts work so there could be a period of fewer than 7 days WTC to take into account in that first benefit week.

129. If WTC is ending take it into account to the end of the JSA benefit week in which the WTC end date falls. The end of the award may also result in odd days of WTC being taken into account.

130. JSAPS may not correctly attribute WTC automatically where odd days of WTC fall to be taken into account at the end of a WTC award. You need to manually calculate and input it as follows:

Step	Action
1	Work out the BWE immediately preceding the WTC end date.
2	In dialogue JA091 Maintain claim details record the change of circumstances, the date of change will be the day after that calculated at step 1.
3	Go to the other income screen input an end date against WTC, other income type 60, this will be the date calculated at step 1.

4	Multiply the daily rate of WTC by the number of days that fall to be taken into account in the next JSA benefit week.
5	<p>On a new line re-input WTC:</p> <p>The amount entered will be that calculated at step 4</p> <p>The periodicity code must be “2” for weekly</p> <p>The start date will be the first day of the benefit week that the WTC end date falls in. This will also be the same date as used for the change of circumstance at step 2.</p> <p>The end date will be the last day of the benefit week that the WTC end date fall in.</p>

Recovery of WTC overpayments

131. Arrears of JSA **must not** be paid to the claimant where HMRC recover WTC which has been overpaid. The rules of supersession do not allow this, even though the WTC has been taken into account in the JSA award.

Action to take on JSA new claims

Claimant not in receipt of WTC

132. When a claimant claims JSA, advise them, if they have not already done so, to:

- claim WTC, if their partner is working, on average, between 16-24 hours per week and they have no children.
- claim CTC, if they are responsible for a child.

Claimant in receipt of WTC

Action by Contact Centre

133. When a claimant makes a new or repeat claim to JSA and they or their partner have:

- previously been in employment, and
- received WTC, and
- now ended that employment,

the Customer Service (CS) Agent at the Contact Centre will:

advise the claimant that Jobcentre Plus will inform HMRC of the job end date, removing the option for the claimant to do so themselves

- ring HMRC helpline giving the claimants details
- annotate CMS case notes that HMRC have been notified of the employment end date (or date hours worked reduced to below 16 hours per week)

Action by HMRC

134. HMRC helpline will

- refer the case to the tax credit office (TCO) who will end the tax credit award 28 days from the date the claimant finished work (or reduced their hours to below 16 per week)

Action by Benefit Delivery Centre

135. When the claim is received for preview at the Benefit Centre (BC) you must:

- check CMS case notes to ensure the job end date has been notified to HMRC Helpline. If there is no record of this then you must ring HMRC

[redacted] to report the change. You must make a note of the in JA110: notepad.

- check CIS and make a note of the WTC award details on the claim preparation checklist
- assess the claim using the information on CMS and details of the WTC award obtained from CIS.

Advance claims

136. An advance claim for JSA can be considered where the claimant does not qualify for benefit on the date of claim but, unless there is a change of circumstance, it is clear that the claimant will become entitled within three months of the date of claim.

137. Therefore, you can treat a claim as an advance claim if:

- the claimant is not entitled to JSA on the date of claim because of the amount of WTC in payment
- you have clear information from HMRC about when the WTC award will end.

How to input WTC on an JSA new claim when WTC is in payment

138. In JSA system maintained cases:

Step	Action
1	Access dialogue JA91: Maintain Claim details and process the application in the normal way, subject to conditions of entitlement and Evidence Requirements being met.
2	Access OTHER INCOME screen: input income code 60 in the Type field input the customer/partner (01 or 02) who receives WTC in the For field in Total Rec'd field input the daily amount of WTC that has been awarded (phone Tax Credit Helpline or access CIS) input V in the Verification field leave Account Amount field BLANK input 1 in the Period field in the D'Start field input WTC from the first day of the claimant's first benefit week (notional benefit week) leave the D' End field blank if the WTC is paid to the partner and is to continue or record the WTC run-on where odd days of WTC fall to be taken into account.
3	Enter dialogues JA200: Evidence/Award summary and JA405: Compute payment to adjudicate and decide on the claim.

139. In clerical cases:

Step	Action
1	Complete the Date Last Paid box on the form JSA14 panel.
2	Complete from JSA14 Assessment Panel with current assessment details. When recording current WTC details in Part 12: Income, you will need to convert the daily amount of WTC to a weekly figure.
3	Input the first day of the claimant first JSA week (notional benefit week)
4	Complete the remainder of the form JSA14 as per current procedures.

5	Complete the Notes panel on the Payment Panel on form JSA14 to record WTC details.
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Interfaces between JSA and WTC

The Tax Credits Gateway

140. The Tax Credit Gateway is the IT system interface that automatically transfers data between the JSAPS and the HMRC system.
141. The Tax Credit Gateway passes:
 - WTC award information from HMRC to JSAPS
 - details of JSA in payment, to HMRC.
142. The Tax Credit Gateway does **not** pass any change of circumstances information from JSAPS to HMRC, for example, change of address or new child joining the assessment.
143. The award information from HMRC automatically populates the OTHER INCOME screen in JSAPS.
144. When the WTC award amount has been downloaded to JSAPS, a case control is set in dialogue JA530: Case controls and a Work Available Report (WAR) JA72539 is produced. The report is produced, every day, in the Benefit Delivery Centre.

How to action WTC changes which affect JSA

145. Tax Credit transactions are received by the JSAPS, daily, via the Tax Credits Gateway. They appear on Work Available Report (WAR) JA72539.
146. Tax Credit WARs are printed off daily within each BDC, for action by the JSA team.
147. Tax credits must be taken into account in the JSA benefit week in which the WTC start date falls.
148. Tax Credits are may be downloaded with a start date the same as the JSA benefit week commencing date. If the start date is not a JSA benefit week commencing date you must **not** alter the start date. This will ensure that only the days of WTC that fall within that first JSA benefit week are taken into account.
149. You must not end downloaded WTC evidence. Tax Credit will download end dates through the Gateway.
150. For those cases identified on the WAR, which have downloaded, take the following action:

Step	Action
1	Access dialogue JA501: Claim Details Enquiry. Confirm that the amount and date of WTC have downloaded, in the other income screen and that the code in the Type field is 60.
2	Access dialogue JA091: Change of circumstances. Input the date of change in the PICKLIST screen as the date of award/change/end on JA72539.
3	Press F24 and access the OTHER INCOME screen.
4	Press Enter and adjudicate/pay through dialogues JA200: Evidence /Award summary and JA405: Compute payment.

151. Once the WTC award has downloaded to the OTHER INCOME screen, do not permanently delete the information. If the download is permanently deleted this would result in an overpayment of JSA.

152. Until the entry on RIS40331 is cleared, a case control remains in dialogue JA530: Case controls. While the case control is set, you must not action any further changes of circumstance in dialogue JA091: Change of circumstances, until you have taken action on the outstanding tax credit change of circumstance data.

153. If the WAR is not cleared, an entry will be generated on a further WAR after 7 days and on a Work Overdue Report (WOR) after a further 7 days.

Note: It is important that the correct action is taken to clear WARs and WORs on a daily basis to prevent overpayments of JSA.

154. Where the award has not downloaded, but has appeared on the WAR:

Step	Action
1	Confirm in CIS that the claimant has been awarded WTC.
2	Record the details of the WTC award JA091: Changes of circumstances, The date of change will be the WTC start date on the WAR .
3	Go to OTHER INCOME screen In the Type field input other income code 60 .
4	In the For field input code for the claimant/partner who is named on the WAR either 01 or 02 .
5	In Total Rec'd field input the daily amount of WTC that has been awarded as shown on the WAR.
6	Input V in the Verification field.
7	Leave Account Amount field BLANK.
8	Input 1 (daily) in the Period field.
9	Input the date of the WTC award from the WAR in the D'Start field
10	Leave D' End field BLANK.
11	Enter into dialogues JA200: Evidence/Award summary and JA405: Compute payment to adjudicate and decide on the claim.

155. For changes of circumstances in clerically maintained cases:

Step	Action
1	Complete form A14 Assessment Panel
2	Enter WTC in part 12 income. You will need to convert the daily amount to a weekly figure, or in the case where only odd days overlap in the first benefit week multiply the daily rate by number of days.
3	Complete the remainder of the form A14 as per current procedures. The date of change will be the WTC start date from the WAR, the effective date will be the first day of the benefit week in which the WTC start date falls.
4	Complete the Notes panel on the Payment Panel on form A14 to record WTC details.
5	A further A14 will be needed if you have taken less than 7 days WTC into account in the first benefit week.

JSA claimant starts work, but does not notify the change

156. If JSA receive a transaction, through the Gateway, stating WTC has been awarded, but the claimant has not notified JSA of this change:

Step	Action
1	Phone Tax Credit Helpline to confirm the date employment started for the claimant or partner, who the employer is and how many hours are worked.
2	Accept the WTC award transaction, from the date on the report JA72539 , in dialogue JA91: Change of circumstances.
3	Return to the PICKLIST and input the date of change as the date employment started .
4	If the partner is working between 16 and 24 hours, suspend the JSA claim and write to claimant to request the partner's wage slips.
5	Refer the case to Fraud Investigation Service (FIS), if applicable. To refer the case to FIS, the Fraud Referral icon, located on the Windows desktop, should be completed.
6	Set a case control in dialogue JA530: Case controls to refer for Overpayment action, if FIS have no interest in the case.
7	Input notes in dialogue JA110: Notepad.

Reporting JSA changes of circumstances to Tax Credits

157. Report all JSA changes of circumstances which affect WTC to the Tax Credits Helpline.
158. The only cases in which a fast track proforma is to be issued with the TC600 claim form is when an existing JSA claimant, in receipt of WTC (partner working between 16 and 24 hours a week), report a first child joining the household. See Tax Credit Guidance, Appendix 44, Fast Track Proforma
159. In all other cases, staff should use the Staff Priority Helpline number 0845 300 3942. The Helpline operator will need the claimant's name, NINO and details of the change. The Helpline operator should always ask JCP callers if the claimant is present. If the claimant is not present the Helpline operator can proceed with the call provided they are satisfied that the caller is genuine (on secure staff priority line) and they pass the verification checks.
160. By reporting fast track changes of circumstance to the Helpline, the change is put straight onto the Core system by Helpline Operators.
161. If the claimant wishes to report the change of circumstance themselves they must use the normal Tax Credits Helpline number – 0845 300 3900.
162. Any Fast Track changes of circumstance, where claimant is going from JSA into work, which are not processed within the 7-day target should be followed up with the Tax Credits Helpline, who will liaise with the Fast Track Teams to resolve.

Changes to Income Decrease from 06/04/12

163. Tax Credit awards are based on the Household income of the previous year. Customers are told to report changes of income and currently, any reductions in income prompt a reassessment of the customer's tax credits award.
164. From 06 April 2012, if the customer's income decreases by up to £2,500, this amount will be disregarded and the tax credits award amount will stay the same. If the income falls by more than £2,500, the additional amount beyond the £2,500 disregard will be taken into consideration.

165. The new income figure will then be used in the new tax credit award at the start of the next tax year.

Further information on April 2012 changes

166. Further details with examples can be found at <http://www.hmrc.gov.uk/taxcreditsbudget/index.htm>

Error and Warning messages

167. [Tax Credit Guidance, Errors and warnings](#) lists some common messages.

Sensitive/secure tax credit cases

168. Special action needs to be taken if system access to a particular case is denied, because the record is classed as secure by HMRC. For information on the action to be taken see [Tax Credit Guidance, Sensitive/Secure Cases](#).