

Universal Credit and tax credits

What is Universal Credit?

Universal Credit is a new benefit that supports people who are on a low income or out of work, and helps ensure that you are better off in work than on benefits.

Universal Credit will give you the support you need to prepare for work, move into work, or earn more. In return for this support, it is your responsibility to do everything you can to find work or increase your earnings.

Universal Credit is being introduced in stages. It is available to single people, couples and families in some areas of the country. It is being rolled out to single claimants nationally from February 2015.

To find out more information see the [list of jobcentre areas where Universal Credit is available](#) and the [local authorities and jobcentre areas that will begin delivering Universal Credit over the coming months](#).

Whether you can claim it will depend on where you live and your personal circumstances. It is claimed instead of Working Tax Credit, Child Tax Credit, Housing Benefit, Jobseeker's Allowance, Income Support and Employment and Support Allowance.

Universal Credit will help with the costs of housing, children and childcare, and provide extra support for disabled people and carers.

How tax credits are affected

If you are already getting tax credits, you do not need to do anything unless your circumstances change.

You should report any change in your circumstances that could affect your tax credits claim as soon as possible by calling the Tax Credit Helpline on 0345 300 3900 or writing to the [Tax Credit Office](#).

If you live in an area where Universal Credit is available and you lose your job, you will need to make a Universal Credit claim and your tax credits will stop. **You can't receive Universal Credit and tax credits at the same time.**

If you are claiming tax credits and start living with a partner who is receiving Universal Credit your tax credits payments will stop. You and your partner will be treated as joint claimants of Universal Credit instead. This will help you manage your money together and – unlike tax credits – you can receive Universal Credit payments even if you're only

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working a few hours a week. Universal Credit will also help towards the costs of childcare if you are both in work.

Your partner must tell DWP that you are now living together. It's important that they do this straight away so you can both be sure you're getting all the help you're entitled to. HMRC will stop your tax credits and contact you to finalise your current award. **You will not be transferred automatically from tax credits to Universal Credit.**

DWP will tell you and your partner what you need to do to make sure your joint Universal Credit claim goes smoothly.

Universal Credit payments

In most cases you will receive a single monthly Universal Credit payment that covers both you and your partner. Your Universal Credit will be paid into a suitable account of your choice, which could be a joint account or a single account in either your name or your partner's name.

There may be a gap between payments when you move onto Universal Credit. Universal Credit will be paid monthly in arrears, whereas tax credits can be paid in a range of different ways.

You will receive your new joint household payment under Universal Credit on the same day that your partner would have received their individual Universal Credit payment.

Support and financial advice are available if you are worried about managing a gap between your tax credits ending and receiving your first Universal Credit payment.

The Money Advice Service provides free and unbiased advice through their website www.moneyadviceservice.org.uk, or call the Money Advice Line on 0300 500 5000. They can help you with managing a budget.

You can ask for a Universal Credit new claim advance for the first payment of Universal Credit, to help you manage the transition to monthly payments. If you get an advance, your future monthly payments will be reduced to make up for this.

Your Claimant Commitment

When you claim Universal Credit you will accept a [Claimant Commitment](#), which will be agreed with your work coach. This clearly sets out the responsibilities you have accepted in return for receiving Universal Credit and the consequences of not meeting them.

If you claim Universal Credit as a couple both of you will need to accept a Claimant Commitment. You will each have your own Claimant Commitment, and yours may be affected if your partner starts work or their circumstances change.

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What you are asked to do will depend on your personal situation, including things such as your health or your responsibilities at home. This may involve working more hours, taking additional work or taking steps to get better paid work.

If you don't do what you've agreed and can't give a good reason why, your Universal Credit payments may be cut.

Getting ready for Universal Credit

The Universal Credit [Personal Planner](#) can help you prepare for the changes that the new service brings, such as paying rent to your landlord yourself. You provide the answers to some basic questions and it will tell you how ready you are for Universal Credit. It provides advice on what you need to do and the best sources of help. It will not tell you how much Universal Credit you will get as this will depend on your circumstances when you claim.

You can prepare for Universal Credit by doing things such as:

- opening a bank account if you don't already have one
- finding out where you can access the internet
- improving your internet skills

To read more about tax credits visit www.gov.uk/browse/benefits/tax-credits.

For more information visit www.gov.uk/universalcredit or the [Universal Credit toolkit](#).