

## Universal Credit – Work Allowance & Earnings Taper

### Work allowance

If you and/or your partner are in paid work, you might be able to earn a certain amount before your Universal Credit is affected, this is called the work allowance (see earnings taper for more information about the effect). Your work allowance will depend on whether you and/or your partners Universal Credit includes amounts for:

- housing costs
- children
- limited capability for work

The table below shows the different levels of monthly work allowance. If you don't have help with housing costs included in your Universal Credit award the higher work allowance will apply, otherwise it will be the lower work allowance. If you are not entitled to the work allowance, your benefit is reduced as soon as you start earning.

<b>Higher Work Allowance</b> – if you are not entitled to the housing element		
Single claimant	Not responsible for children & does not have limited capability for work	<b>£0</b>
	Responsible for 1 or more children or qualifying young person	<b>£573</b>
	Has limited capability for work	<b>£573</b>
Joint claimants	Not responsible for children & does not have limited capability for work	<b>£0</b>
	Responsible for 1 or more children or qualifying young person	<b>£573</b>
	Has limited capability for work	<b>£573</b>
<b>Lower work allowance</b> – if you are entitled to the housing element		
Single claimant	Not responsible for children & does not have limited capability for work	<b>£0</b>
	Responsible for 1 or more children or qualifying young person	<b>£344</b>
	Has limited capability for work	<b>£344</b>
Joint claimants	Not responsible for children & does not have limited capability for work	<b>£0</b>
	Responsible for 1 or more children or qualifying young person	<b>£344</b>
	Has limited capability for work	<b>£344</b>

## Earnings Taper

The Universal Credit earnings taper is a reduction to your Universal Credit based on your earned income. The taper rate sets the amount of benefits a claimant loses for each pound they earn. The earnings taper rate is currently 55%. This means for every pound you earn over your work allowance (if you are eligible for one) your Universal Credit will be reduced by 55 pence. To work out the earnings taper that applies to your award:

1. Take your total monthly earnings figure after tax, National Insurance and relevant pension contributions have been taken off
2. Deduct your monthly work allowance, which is the amount you can earn without your benefit being affected (if you are eligible for one)
3. Apply the taper rate by multiplying the remaining earnings by 0.55 (if you are not entitled to the work allowance, apply the taper to your monthly earnings figure after tax, National Insurance and pension contributions have been taken off).

This is the amount that will be taken from your Universal Credit maximum amount when calculating your award.