



How does the taper work for employed claimants living in exempt accommodation? (Figures)

In all of the following examples, assume that the rent eligible for Housing Benefit is £200 a week. Out of work the claimant is entitled to full Housing Benefit of £200 a week. Figures are based on benefit rates for the year 2015/16: see the note at the end of this page for brief details of changes announced from 2016/17.

Examples 1 to 3: the claimant is a single person aged over 25 and fit for work

While out of work, the claimant's total income is £273.10 a week made up of:

- £73.10 a week of Jobseekers Allowance
- £200 a week of Housing Benefit

Or

- £73.10 a week of Universal Credit
- £200 a week of Housing Benefit

If the claimant finds work:

Example 1: part time work, earnings £150 (no tax or NI liability), not entitled to Universal Credit as earnings are too high; insufficient hours for Working Tax Credit

Income for Housing Benefit assessment: £145.00
£150 net earnings less "disregard" of £5 a week

Applicable amount (to cover living costs other than rent) £73.10

Taper: 65% of excess income over applicable amount ($145 - 73.10 \times 65\%$) £46.74

Housing Benefit entitlement: Full eligible rent £200 minus "taper" £46.74 £153.26

Total weekly income has increased to £303.26 (HB 153.26 + earnings 150.00)



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Example 2: full time work, earnings
£15,000 a year gross (£13,287 after tax
and NI), not entitled to Universal Credit
or Working Tax Credit as earnings are
too high

Income for Housing Benefit assessment: £233.42
£255.52 net earnings less "disregards"
of £5 a week and another £17.10
because the claimant works full time

Applicable amount (to cover living costs
other than rent) £73.10

Taper: 65% of excess income over
applicable amount (233.42 - 73.10 x 65%) £104.21

Housing Benefit entitlement: Full eligible
rent £200 minus "taper" £104.21 £95.79

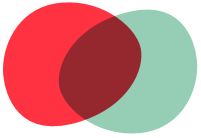
*Total weekly income has increased to
£351.31 (HB 95.79 + earnings 255.52)*

Example 3: part time
work, earnings £500 a
month (no tax or NI)
(=£115.38pw), claiming
Universal Credit

Income for Universal Credit assessment: £500
net earnings less "work allowance" disregard of
£111 a month £389.00 Equivalent pw £89.77

Taper: 65% of excess earnings over work
allowance (389.00 x 65%) £252.85 Equivalent pw £58.35

Universal Credit: Maximum UC per month
for single person with no housing costs 317.82 less
taper of 252.85 £64.97 Equivalent pw £14.99



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Housing Benefit entitlement: Anyone on UC is entitled to maximum HB on their full eligible rent	£200.00
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Total weekly income has increased to £330.37 (HB 200.00 + earnings 115.38 + UC £14.99)

Examples 4 and 5: the claimant is a single person aged over 25 with “limited capability for work” (officially unfit for work)

While out of work, the claimant’s total income is £302.15 a week made up of:

- £102.15 a week of income-related Employment and Support Allowance-allowance "Glossary: Employment and Support Allowance")-allowance "Glossary: Employment and Support Allowance")
- £200 a week of Housing Benefit

Or

- £102.15 a week of Universal Credit
- £200 a week of Housing Benefit

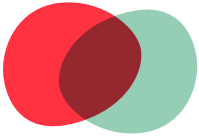
If the claimant finds work:

Example 4: part time work, earnings £80 a week (no tax or NI liability), not on Universal Credit as it is not yet available in the claimant’s area to people who are unfit for work.

Because the claimant’s earnings are from “exempt work” they are completely ignored for both Employment and Support Allowance and Housing Benefit: The claimant remains entitled to £102.15 of ESA and £200 of HB

Total weekly income has increased to £382.15 (HB 200.00 + earnings 80.00 + ESA £102.15)

Example 5: part time work, earnings £600 a month (no tax or NI) (=£138.46pw), claiming Universal Credit



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Income for Universal Credit assessment: £600 net earnings are less than "work allowance" disregard of £647 a month ¹	£0.00	Equivalent pw £0.00
Taper: N/A - no excess earnings	£0.00	Equivalent pw £0.00
Universal Credit: Maximum UC per month for single person with limited capability for work and no housing costs is 317.82 basic allowance plus LCW addition of 126.11	£442.93	Equivalent pw £102.45 ²
Housing Benefit entitlement: Anyone on UC is entitled to maximum HB on their full eligible rent		£200.00
<i>Total weekly income has increased to £440.91 (HB 200.00 + earnings 138.96 + UC £102.45)</i>		

1. This is the amount disregarded from the earnings of a person who has Limited Capability for Work and whose Universal Credit assessment does not include a housing element (if the claimant occupies exempt accommodation there is no housing element).
2. Using the x12/52 method. By the x12/366x7 method weekly UC in the 2015/16 year is a few pennies less than weekly the ESA shown in Example 4. But the rates of UC and ESA will be exactly equal from 2016/17 using the x12/365x7 method