



## 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

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

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

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

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

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*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 £104.21  
applicable amount ( $233.42 - 73.10 \times 65\%$ )

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

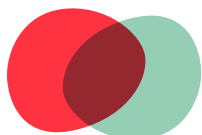
*Total weekly income has increased to  
£351.31 (HB 95.79 + earnings 255.52)*

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
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Taper: 65% of excess earnings over work allowance ( $389.00 \times 65\%$ )	£252.85	Equivalent pw £58.35
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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)*

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## **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.

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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

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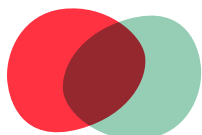
*Total weekly income has increased to £382.15 (HB 200.00 + earnings 80.00 + ESA £102.15)*

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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 <sup>1</sup>	£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 <sup>2</sup>
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