

**Scottish Government consultation – Universal Credit (Claims and Payments) (Scotland)  
Regulations 2017  
Response from the Low Incomes Tax Reform Group (LITRG)**

**1 Introduction**

- 1.1 This consultation is specifically seeking views on draft regulations that introduce two changes to Universal Credit (UC) for Scotland – having the option (a) to be paid twice a month instead of monthly, and (b) for any housing element to be paid directly to the landlord. We think both of these flexibilities are welcome and will be beneficial for claimants, however other organisations are far better placed than us to comment on the detail of the regulations.
- 1.2 We would like to draw specific attention to two issues – defining who is a Scottish claimant, and whether it is fair that the changes apply only to those in the UC full (digital) service and not the live service.

**2 Defining who is a Scottish claimant**

- 2.1 Draft regulation 1 defines a ‘Scottish Claimant’ as ‘a person (and any one of joint claimants) applying for, or in receipt of, universal credit who lives in Scotland’. The regulations don’t offer any further definitions nor does the explanatory memorandum.
- 2.2 We think it would be helpful if the regulations defined the term ‘lives in Scotland’ for this purpose. If that is not possible, then detailed guidance should be developed that provides more information about when someone will be considered to be a Scottish claimant.
- 2.3 This guidance should include examples and answer questions such as what happens if someone owns a house in Scotland but works away in England for say two months at a time before returning home? What if they are working away only Monday to Friday?

- 2.4 We suggest that some work should be done with HMRC who have implemented the definition of a Scottish taxpayer for tax purposes. It is likely to be confusing for UC claimants living in Scotland if they could be classified as a Scottish UC claimant and not a Scottish taxpayer or vice versa and any situations where this is possible should be identified and covered in more detailed guidance.
- 2.5 It is also not clear what happens if someone moves mid-way through their assessment period so that they are no longer a Scottish UC claimant. Are the payment flexibilities lost immediately or will they continue for a period of time? We think it is important that this is considered and again guidance produced. Claimants should receive written notification when they move address that takes them out of the Scottish UC claimant definition so that they fully understand what changes will happen to their UC payments and when those changes will take place. This is important so they can budget and take any necessary action.
- 2.6 Similarly, those who move to Scotland from elsewhere in the UK may become entitled to access the flexibilities set out in these regulations. How will this access be triggered if they are already in the UC full (digital) service?

### **3 Application of the regulation changes**

- 3.1 The Scottish Government is keen that the social security system promotes dignity and fairness. In terms of allowing claimants options with regards to payment frequency and payments direct to their landlord, we think these regulations do promote dignity.
- 3.2 Regulation 6 provides an exception so that the changes do not apply where the award is not administered by the UC digital system. We think that this breaches the principle of fairness and that live service claimants should be offered the same flexibilities, especially as the timetable for transfer of live service claimants into the full (digital) service is not yet clear.

### **4 About Us**

- 4.1 The Low Incomes Tax Reform Group (LITRG) is an initiative of the Chartered Institute of Taxation (CIOT) to give a voice to the unrepresented. Since 1998 LITRG has been working to improve the policy and processes of the tax, tax credits and associated welfare systems for the benefit of those on low incomes. Everything we do is aimed at improving the tax and benefits experience of low income workers, pensioners, migrants, students, disabled people and carers.
- 4.2 LITRG works extensively with HM Revenue & Customs (HMRC) and other government departments, commenting on proposals and putting forward our own ideas for improving the system. Too often the tax and related welfare laws and administrative systems are not designed with the low-income user in mind and this often makes life difficult for those we try to help.
- 4.3 The CIOT is a charity and the leading professional body in the United Kingdom concerned solely with taxation. The CIOT's primary purpose is to promote education and study of the

administration and practice of taxation. One of the key aims is to achieve a better, more efficient, tax system for all affected by it – taxpayers, advisers and the authorities.

- 4.4 In recent years LITRG has engaged with the Scottish Government concerning the setting up of Revenue Scotland, including the development of the Revenue Scotland website, and has responded to consultations on the Revenue Scotland and Tax Powers Act 2014. We have been involved in discussions on issues relating to the Scottish Rate of Income Tax and have given evidence to the Finance Committee of the Scottish Parliament on tax management issues relating to low income individuals. In August 2015 we submitted evidence to the Scottish Parliament Welfare Reform Committee inquiry on the future delivery of social security in Scotland and we responded to the recent social security consultation on the future of the system in October 2016.

LITRG  
13 March 2017