

**Coronavirus (Scotland) (No. 2) Bill**  
**Response from the Low Incomes Tax Reform Group (LITRG)**

**1 Executive Summary**

- 1.1 Our response focuses on Schedule 1, Paragraph 4 of the Coronavirus (Scotland) (No. 2) Bill ('the Bill'), which relates to Carer's Allowance Supplement.
- 1.2 We welcome the measure and believe that the legislation as drafted carries out the intended policy.
- 1.3 We think that it is essential that there are good communications to recipients of Carer's Allowance Supplement to highlight three points about the payment: it is correct; it is taxable; it is not taken into account when determining entitlement to tax credits or other benefits.

**2 About Us**

- 2.1 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.
- 2.2 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.

- 2.3 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.

### **3 Introduction**

- 3.1 Quite rightly, many people have been finding ways to show thanks to those at the forefront of dealing with the coronavirus (COVID-19) pandemic. LITRG would also like to thank the more 'invisible' cohort of civil servants, such as Revenue Scotland, Social Security Scotland, local government, Scottish Government and Scottish Parliament staff, working behind the scenes.
- 3.2 Both the UK Government and the devolved governments have announced unprecedented support for individuals and businesses, aimed at easing the economic impact of the self-isolation and social distancing measures required to shield the population – and particularly the most vulnerable – from the disease.
- 3.3 We recognise that civil servants are working around the clock to try to deliver the support that has been announced. We know that it is not an easy task to produce, almost overnight, systems and processes to get support to people who desperately need it. Especially when they themselves have a reduced workforce as a result of the current situation.
- 3.4 We, at LITRG, stand ready, as ever to work with them and support this work in any way we can.

### **4 Carer's Allowance Supplement**

- 4.1 Schedule 1, paragraph 4 of the Bill amends the Social Security (Scotland) Act 2018, in order to add an additional £230.10 to awards of Carer's Allowance Supplement for the period from 1 April 2020 to 30 September 2020.
- 4.2 We welcome this measure. Overall we agree with the rationale for the measure as set out in the Policy Memorandum to the Bill. In order to be in receipt of Carer's Allowance Supplement, individuals must be in receipt of Carer's Allowance. This is only payable to those who carry out 35 hours or more caring per week. In addition, their income from

earnings must be no more than £128 per week.<sup>1</sup> It is also likely that these individuals are continuing to carry out their caring duties, albeit in a different form.

- 4.3 This measure goes some way to recognising financially the important role carried out by unpaid carers. This of course, not only supports the carers themselves, but indirectly, supports the people they are caring for, by ensuring they can continue to carry out this role.
- 4.4 We have previously assisted Scottish Government with the development of Carer's Allowance Supplement. In particular, it should be noted that because it tops up Carer's Allowance, it is taxable – because Carer's Allowance is taxable. Due to the terms of the Smith Agreement, however, it was important to ensure that being in receipt of the Carer's Allowance Supplement does not affect a carer's entitlement to other benefits, such as tax credits or Universal Credit.
- 4.5 In our view, the way in which the legislation provides for the measure should ensure that the additional payment is treated in exactly the same way as any other payment of Carer's Allowance Supplement, for tax, tax credits and benefits purposes.
- 4.6 Therefore, the key will be to ensure good communications with recipients of the additional payment. This is to ensure they know that the additional payment is correct and not a payment made in error. Although many carers will undoubtedly be delighted to receive a larger payment than expected, some carers may be concerned that it is an error, which might cause them unnecessary worry. In addition, it is important to remind them that the payment is taxable, as some individuals who receive the payment may be taxpayers for the 2020/21 tax year. Finally, clear information that their Carer's Allowance Supplement, including the additional amount, is not taken into account when determining entitlement to other benefits is necessary. As previously noted, LITRG is happy to assist in publicising these messages.

LITRG  
14 May 2020

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<sup>1</sup> After income tax, National Insurance contributions and certain expenses. See GOV.UK for more information: <https://www.gov.uk/carers-allowance/eligibility>