STATUTORY INSTRUMENTS

2017 No. 348

SOCIAL SECURITY

The Universal Credit (Reduction of the Earnings Taper Rate) Amendment Regulations 2017

Made - - - -	*8th March 2017*
Laid before Parliament	*13th March 2017*
Coming into force in accordance with regulation 1	

The Secretary of State for Work and Pensions makes the following Regulations in exercise of the powers conferred by sections 8(3)(a) and 40 of, and paragraph 4(1) and (3)(a) of Schedule 1 to, the Welfare Reform Act 2012(**a**).

In accordance with section 173(1)(b) of the Social Security Administration Act 1992(**b**), the Social Security Advisory Committee has agreed that these Regulations need not be referred to it.

Citation, commencement and application

1.—(1) These Regulations may be cited as the Universal Credit (Reduction of the Earnings Taper Rate) Amendment Regulations 2017 and come into force on 10th April 2017, except as provided by paragraph (2).

(2) Regulation 2(3) comes into force on the same day as, but immediately after the Universal Credit (Surpluses and Self-Employed Losses) (Digital Service) Amendment Regulations 2015(**c**) come into force.

(3) Where an amendment made by these Regulations applies in respect of an existing award of universal credit, that amendment has effect for the purposes of that award—

(a) on the date on which that amendment comes into force, if there is an assessment period for that award that begins on that day; or

(b) if sub-paragraph (a) does not apply, on the first day of the next assessment period for the award beginning after that day.

(4) For the purposes of paragraph (3), "existing award of universal credit" means an award of universal credit that exists on the date on which the relevant amendment comes into force.

Changes to calculation of deductions in respect of earned income

2.—(1) The Universal Credit Regulations 2013(**d**) are amended as follows.

(**a**) 2012 c.5. Section 40 is cited for the meaning of "prescribed".
(**b**) 1992 c.5.
(**c**) S.I. 2015/345; relevant amending instruments are S.I. 2016/215 and 2017/[*to be inserted*].
(**d**) S.I. 2013/376. Regulation 22(1) was amended by S.I. 2015/1649. Regulation 54A was inserted by S.I. 2015/345 and amended by S.I. 2015/1754. It is subject to savings specified in S.I. 2015/345 and has not yet come into force.

(2) In regulation 22(1)(b)(i) and (ii) (deduction of income and work allowance), substitute "63%" for "65%".

(3) In the definition of "the nil UC threshold" in regulation 54A(6) (surplus earnings), in the formula substitute "63" for "65".

Signed by authority of the Secretary of State for Work and Pensions.

Damien Hinds
Minister of State
Department for Work and Pensions

8th March 2017

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend two provisions of the Universal Credit Regulations 2013 (S.I. 2013/376) (the "Universal Credit Regulations") relating to the calculation of a universal credit award where the claimant has earned income.

Regulation 22(1)(b) of the Universal Credit Regulations provides that, in a given assessment period, the amount to be deducted from the maximum amount of a universal credit award in respect of the claimant's earned income (or joint claimants' combined earned income) is to be 65% of the amount by which that income exceeds the applicable work allowance (the "taper rate"). Regulation 2(2) of these Regulations amends that taper rate to 63%.

Regulation 54A(6) of the Universal Credit Regulations was inserted by regulation 2(2) of the Universal Credit (Surpluses and Self-employed Losses) (Digital Service) Amendment Regulations 2015 (S.I. 2015/345). It contains a formula for calculating the amount of a claimant's earned income (or joint claimants' combined earned income) above which there would be no entitlement to universal credit, for the purpose of calculating that claimant's (or joint claimants') surplus earnings in an assessment period. Regulation 2(3) of these Regulations amends that formula by replacing "65" with "63", to reflect the amendment to the taper rate.

An impact assessment has not been produced for this instrument as it has no impact on business or on civil society organisations. This instrument has no impact on the public sector.

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