COVID-19: Guidance for low-income taxpayers

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LITRG has produced web-based guidance for people affected by the coronavirus pandemic.

Many people are facing significant changes in their personal and financial circumstances as a result of the coronavirus pandemic. The Low Incomes Tax Reform Group (LITRG) is trying to help people understand what they can claim by way of support.

Most of the group's COVID-19 related guidance can be found in a single area on the LITRG website: www.litrg.org.uk/coronavirus.

We are doing our best to keep the guidance updated as the situation evolves. At the time of writing, government information continues to be developed and published, so we cannot write specifically about what is included on the LITRG website. However, some examples of emerging themes are set out below. Please refer to the online guidance for the latest information.

Tax credits and universal credit

Existing tax credits claimants with a change in circumstances could, depending on how much the government relaxes the rules, face having to move to universal credit. This might happen if, for example, their working hours are reduced for a significant period.

We are pressing HMRC for some clarity over how the rules will be applied and whether exceptions to normal practice might be made in view of the pandemic. Given pressures on the Department for Work and Pensions to process new universal credit claims, we think it could ease the pressure if HMRC use any flexibility they have to keep claimants in tax credits if possible, rather than them having to move

across to universal credit.

Statutory sick pay: misinformation

LITRG has been concerned at the prevalence of misinformation online about qualification criteria for statutory sick pay. We issued a press release (www.litrg.org.uk/pr-tax-experts-ssp) aiming to correct some of the misleading reports we have seen.

Accessing funds

People are likely to be asking how and from where they can access funds; for example, whether amounts saved in Tax-Free Childcare accounts can be drawn back out, or whether they can draw on tax-incentivised savings schemes such as ISAs and Help-to-Save accounts. The LITRG guidance discusses these points and highlights tax and welfare benefits impacts to watch out for.

High-income child benefit charge

People seeing a reduction in income might find that they are no longer liable to the high-income child benefit charge in future, or perhaps not liable to the full charge. The LITRG guidance discusses what to do in the event of income falling.

Couples' circumstances might become particularly complicated if one partner suffers a loss of income which then means the other partner has the higher income and liability to the charge switches from one to the other.
Volunteering

Hundreds of thousands of people have volunteered to help the NHS and others. Those people might have expenses reimbursed, such as mileage. LITRG's guidance discusses the tax and welfare benefits implications of volunteering. It also highlights that if volunteers wish to waive expense reimbursement, it is preferable in Gift Aid terms if the expense is in fact claimed and then donated back to charity.

Feedback

We welcome feedback via www.litrg.org.uk/contact-us or litrg@ ciot.org.uk. Please let us know if you have come across any low-income issues related to the coronavirus situation that are not covered in our guidance and we will try to address them.

And finally… for home-schoolers

Those with children at home during school closures might want to take the opportunity to teach them about tax!
A few years ago, HMRC produced two animations introducing both younger and older children to tax – Junior Tax Facts and Tax Facts. These fun and amusing videos, together with accompanying teaching packs, are free to access online. See www.litrg.org.uk/home-schooling-try-tax for more information.