Scottish Carer’s Assistance

General Features

21 June 2022

LITRG responded to the Scottish Government’s consultation on proposals for Scottish Carer’s Assistance.

The Scottish Government has consulted on proposals for Scottish Carer’s Assistance (tinyurl.com/2p98rw5a). This is a new Scottish benefit that will replace UK Carer’s Allowance for eligible carers in Scotland. It will be delivered by Scotland’s social security agency, Social Security Scotland.

The consultation covered three areas:

- how Scottish Carer’s Assistance will work when it first launches;
- extra money for carers in Scotland, including Carer’s Allowance Supplement and a proposed new payment for carers looking after more than one person in receipt of disability benefits; and
- changes to Scottish Carer’s Assistance.

It is proposed that Scottish Carer’s Assistance will be taxable and that it will be counted as income for the purposes of entitlement to tax credits and means-tested benefits. This means it will follow the treatment of UK Carer’s Allowance.

LITRG stressed the importance of raising awareness of the status of the benefit for tax and benefits purposes. We also recommended the provision of clear information to claimants on the taxable amounts of Scottish Carer’s Assistance they receive and the amounts they need to declare for the purposes of tax credits and means-tested benefits.

We noted the divergence in the treatment of Carer’s Allowance Supplement and the proposed Scottish Carer’s Assistance. Currently, carers living in Scotland who are in receipt of UK Carer’s Allowance receive Carer’s Allowance Supplement. It was introduced as a temporary measure to increase the support for carers in Scotland

prior to the introduction of Scottish Carer's Assistance. Although Carer's Allowance Supplement is taxable, it is not taken into account for the purposes of entitlement to tax credits and means-tested benefits.

This is likely to be a potential source of confusion, and makes it even more important that our recommendations about the provision of clear information are acted upon.

LITRG also picked out other areas that would benefit from better guidance than is currently available in respect of UK Carer's Allowance. Examples include guidance on the eligibility of unpaid carers for council tax discounts and guidance on the deductions that carers can make from their earnings when carrying out calculations for the purposes of the earnings limit.

Our response also noted that the introduction of Scottish Carer's Assistance provides the Scottish government with the opportunity to ask HMRC to include the new benefit at Statements A and B of the Starter Checklist. This would help to ensure the correct tax treatment of Scottish claimants who start a new employment while claiming Scottish Carer's Assistance or after having claimed Scottish Carer's Assistance prior to starting the job. Unfortunately, UK Carer's Allowance is not included on the Starter Checklist, but as a taxable benefit, it would be helpful for it to included.

The LITRG response can be found on the LITRG website: www.litrg.org.uk/ref2637

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